Petition and Transcript of Record

Supreme Court of the United States

OCTOBER TERM, [redacted] 1927

No. [redacted] 99

RICHMOND SCREW ANCHOR CO., INC.,
PETITIONER,

vs.

THE UNITED STATES

ON WRIT OF CERTIORARI TO THE COURT OF CLAIMS

PETITION FOR CERTIORARI FILED JULY 21, 1927

CERTIORARI GRANTED NOVEMBER 21, 1927

(32,107)

(32,107)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1926

No. 540

RICHMOND SCREW ANCHOR CO., INC.,
PETITIONER,

vs.

THE UNITED STATES

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS

INDEX

	Original	Print
Petition for writ of certiorari	a	1
Record from Court of Claims	1	6
Petition	1	6
General traverse	8	10
Argument and submission	8	10
Findings of fact	9	10
Conclusion of law	11	13
Opinion, Booth, J	11	13
Appendices 1 and 2—Diagrams	16	19
History of proceedings	18	20
Argument and submission	18	20
Order setting aside former judgment	19	20
Additional findings of fact	20	20
Conclusion of law	21	22
Opinion, Booth, J	21	22
Judgment	24	25
Proceedings after entry of judgment	24	25
Clerk's certificate (omitted in printing)	25	
Order allowing certiorari		26

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., AUGUST 2, 1926

[fol. a]

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1926

RICHMOND SCREW ANCHOR CO., INC., Plaintiff-Petitioner,

vs.

THE UNITED STATES, Defendant-Respondent

PETITION FOR WRIT OF CERTIORARI TO THE COURT OF CLAIMS

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Richmond Screw Anchor Co., Inc., plaintiff below, prays that a writ of certiorari be issued to the Court of Claims to review the decisions of said court rendered in part on June 4, 1923, in part on December 7, 1925, and in part on May 3, 1926, in the above entitled case, which appear in the transcript of record filed herewith.

1. This is a suit brought under the Act of June 25, 1910, Chapter 423, as amended July 1, 1918, Chapter 114, to recover for infringement of Letters Patent No. 1,228,120 for a cargo beam, granted May 29, 1917, to Melchior Lenke, and assigned to the plaintiff by mesne assignments on March 7, 1921, by the manufacture of cargo beams for, and the use thereof by, or for the United States.

The Court of Claims by its decision of June 4, 1923, found as facts the issue of the letters patent on May 29, 1917, to Melchior Lenke, and ownership of same by Lenke until on or about September 29, 1920, ownership by Thomas E. Chappell until on or about March 7, 1921, and ownership by plaintiff thereafter, each assignment including all rights of action for past infringements (and we may add, each assignment carried an explicit authorization to the [fol. b] assignee "to sue in its own name for such past infringements"); that the Lenke cargo beam since its introduction has come largely into use and has largely supplanted all other kinds or types of cargo beams; and that "during and since 1918" cargo beams of the kind and

character illustrated and claimed in the Lenke patent "have been in use by the United States" without "authorization by or compensation to the plaintiff or other owner of said letters patent for such use"; and certain facts as to notice; and upon the findings of fact the Court of Claims decided, as a conclusion of law, "that the plaintiff is entitled to recover."

The Court of Claims, by its decision of December 7, 1925, found as additional facts that, through contractors who manufactured for the United States, "the United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent"; that it did not thereafter install or use any other such cargo beams; that "the use of the Lenke cargo beam by the United States instead of the cargo beams theretofore installed and used resulted in a saving * * * in the expense of installation * * * amounting in the aggregate to $103,480" and that "The single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty"; that "they were used by the United States for Government purposes"; that "the fair license value on a royalty basis is" $16,200; and upon the additional findings of fact, the Court of Claims decided, as a conclusion of law, that the former conclusion of law and judgment be "set aside and a new judgment this day entered dismissing the plaintiff's petition."

Plaintiff made a motion for additional findings of fact which was denied May 3, 1926.

The ground for the setting aside of the first judgment and the entering of the new judgment dismissing the plain- [fol. c] tiff's petition, stated in the accompanying opinion of the Court of Claims (either explicitly or by necessary implication), was that the use by the United States of the said cargo beams after January 1, 1919, was not an infringement of the patent and that consequently plaintiff possessed merely an assignment (dated March 7, 1921) of a claim for a then wholly past infringement (i. e., of January 1, 1919) and that such an assignment was void and of no effect under U. S. R. S. Sec. 3477.

The ground, urged upon the Court of Claims by counsel for the United States (and assumed and adopted in its

second decision) for the conclusion of law that the infringement ended on January 1, 1919, when the installation was completed and the use began, and that there was no infringement of plaintiff's rights under the patent after its ownership thereof began on March 7, 1921, was that, under the Act of June 25, 1910, Chapter 423, amended July 1, 1918, Chapter 114, as interpreted by this Court in Crozier v. Krupp, 224 U. S. 290, and Cramp v. Curtis, 246 U. S. 28, the use by the United States after March 7, 1921, was by virtue of a license under the patent obtained by the United States by appropriation through the exercise of the sovereign right of eminent domain on or before January 1, 1919, and that the only right of action under that statute against the United States both for the installation then made and for the use of same to the full end of the term of the patent arose at that time, and that, since plaintiff had no interest in the ownership of the patent at that time, no property right of the plaintiff was appropriated.

2. The grounds for this petition are

(a) that the statute of 1910 as amended in 1918 and the decisions of this Court with respect thereto have been misconstrued by the Court of Claims, and that under the proper construction of that statute and of those decisions the use [fol. d] by the United States of the aforesaid cargo beams after March 7, 1921, was an infringement of the patent in suit, for which the plaintiff as owner of the patent after that date is entitled to recover;

(b) that the true intent and meaning of the cited statute of 1910 as amended in 1918 (which this Court says in Sperry Gyroscope Co. v. Arma Engineering Co., U. S. Adv. Ops. June 15, 1926, P. 596, "is not free from doubt") is so uncertain and unsettled in the courts, at the bar, among the owners of patents and the public generally, and even apparently among the counsel and advisers and officials of the United States, that this petition should be granted in the general public interest to give this Court an opportunity to elucidate the statute;

(c) that, with respect to the infringement of the plaintiff's rights by the United States by its use of the patented beams after March 7, 1921, the prior installation and prior

use by the United States were incidental thereto and preparatory therefor and a part thereof, and so plaintiff's rights in the premises are in no way and to no extent affected by U. S. R. S. Sec. 3477;

(d) that, under the circumstances of the present case, plaintiff's right to sue the United States in the Court of Claims for infringement of the Lenke patent prior to March 7, 1921, is not defeated or annulled or impaired by U. S. R. S. Sec. 3477,

(1) because the subject matter of the assignments in question is the infringement of Letters Patent for invention, and

(2) because the assignments also carried the ownership of the patent, and

(3) because the assignments explicitly authorized and empowered the plaintiff to sue in its own name for such [fol. e] past infringements, and

(4) because the aforesaid Act of 1910 as amended in 1918 substituted the United States for the manufacturing contractors in responsibility for compensation to the then owner of the patent for such infringing manufacture, and this substitution carried (by assumed consent of the United States under the reasoning of Standard Oil Co. v. U. S., 267 U. S. 76) the same right of assignment of the claim for such compensation as would have existed if the substitution had not been made, and to that extent and in that situation repealed and superseded U. S. R. S. Sec. 3477, and

(5) because the plaintiff, having such an interest in the patent, as without the statute of 1910 as amended in 1918, would have supported a suit by it against the contractor for manufacturing the infringing cargo beams for the United States, (to follow the reasoning of E. W. Bliss Co. v. United States, 253 U. S. 187) must necessarily have the right to maintain its suit in the Court of Claims against the United States for such manufacture by the contractor for it under that statute, unaffected by U. S. R. S. Sec. 3477, and

(6) because, insofar as the infringement consisted in the manufacture of the said cargo beams for the United

States by the contractor, plaintiff's claim was a claim against the contractor, and the fact that the United States under the Act of 1910 as amended in 1918 assumed responsibility therefor to the owner of the patent did not alter the essential nature of the claim or make it such a claim against the United States as is referred to in U. S. R. S. Sec. 3477;

(c) that the Court of Claims should have awarded plaintiff the reasonable and entire compensation contemplated by the cited statute and this includes interest on the principal sum awarded from January 1, 1919, or from March 7, 1921, as this Court may decide.

[fol. f] 3. The various questions of law raised by this petition have not, so far as your petitioner knows, been decided by this Court, and they are of wide and general interest and of great public importance and they have been decided by the Court of Claims in a manner which is probably in conflict with the applicable decisions of this Court, and the Court of Claims has also, your petitioner believes, departed from the accepted and usual course of judicial proceedings in a manner to call for the exercise of this Court's power of supervision, and this Court of Claims, your petitioner believes, has not given proper effect to applicable decisions of this Court, and unless this petition be granted your petitioner will be without the right to have the decision of the Court of Claims reviewed by any Court.

Wherefore your petitioner prays that a writ of certiorari be issued to the United States Court of Claims requiring it to send to this Court a certified transcript of the record in that Court consisting of the pleadings, findings of fact, judgments and opinions of the Court, but not the evidence, that this Honorable Court may finally decide the same.

Richmond Screw Anchor Co., Inc., by Wm. Houston Kenyon, Archibald Cox, O. Ellery Edwards, Joseph W. Cox, Douglas H. Kenyon, Counsel for Petitioner.

As members of the bar of this Court, we hereby certify that we have examined the foregoing petition and in our [fol. g] judgment it is well founded and the cause is one in

which the prayer of the petition may properly be granted by this Court.

Wm. Houston Kenyon, Archibald Cox, O. Ellery Edwards, Joseph W. Cox, Douglas H. Kenyon, of Counsel.

Dated New York, July 22d, 1926.

[fol. h] [Endorsed:] Supereme Court of the United States. Richmond Screw Anchor Co., Inc., plaintiff-petitioner, vs. The United States, defendant-respondent. October term, 1926. Petition for a writ of certiorari to the Court of Claims. O. Ellery Edwards, 233 Broadway, New York, N. Y.

[fol. 1] UNITED STATES COURT OF CLAIMS

No. 117-A

RICHMOND SCREW ANCHOR CO., INC., Petitioner,

vs.

THE UNITED STATES, Defendant

On Patent No. 1,228,120

1. PETITION—Filed May 23, 1921

To the Honorable the Judges of the United States Court of Claims:

The petition of the Richmond Screw Anchor Co., Inc., respectfully represents:

I. That your petitioner is a citizen of the United States, and is a corporation duly organized and existing by virtue of the laws of the State of New York, and has its principal [fol. 2] place of business in the World Building, New York City, and brings this action in its own right.

II. That this petition is filed against the United States under and pursuant to the provisions of the Act of Congress, approved June 25, 1910 and amended July 1, 1918 and entitled "An Act to Provide Additional Protection for

the Owners of Patents of the United States and for Other Purposes".

III. That heretofore and before the 25th day of August, 1916, one Melchior Lenke then of Brooklyn, New York, was the true, original and first inventor of certain new and useful improvements in Cargo Beams, not known or used by others in this country before his invention or discovery thereof, not patented or described in any printed publication in this or any foreign country before his invention or discovery thereof, or more than two years prior to his application for a patent in this country therefor, not patented in any country foreign to the United States on an application filed by him or his legal representatives or assigns more than twelve months prior to said application for patent in this country, and not in public use or on sale in this country for more than two years prior to his said application for patent in this country; and so being the true, original and first inventor thereof, the said Melchior Lenke made due application, according to law, for Letters Patent of the United States therefor; and, on the 27th day of May, 1917, upon his said application and in conformity to law, Letters Patent, in the name of the United States of [fol. 3] America, dated May 29, 1917, No. 1,228,120, duly executed and recorded, sealed with the seal of the Patent Office and signed by the Commissioner of Patents, according to law, were duly granted to said Melchior Lenke, whereby there was granted and secured or intended to be granted and secured to said Melchior Lenke, his heirs and assigns, for the term of seventeen years from and after said May 29, 1917, the exclusive right to make, use and vend throughout the United States and the Territories thereof, the invention aforesaid, a description whereof, in the words of said Melchior Lenke, was given in the schedule annexed to said Letters Patent and made a part thereof, as by reference to said Letters Patent, or to a duly authenticated copy thereof, here in Court to be produced, will more fully and at large appear.

IV. That your petitioner has derived title to said Letters Patent No. 1,228,120 and now owns the same together with all rights of action to sue for past infringements, profits

and damages by virtue of certain direct and mesne assignments, duly executed and recorded, so that your petitioner is now vested with the entire and exclusive right, title and interest in and to said invention and Letters Patent, and in and to all rights of action for past or future infringements of said Letters Patent.

V. That your petitioner is advised and believes, and therefore avers, that said Letters Patent No. 1,228,120 are valid and effective in law to secure to your petitioner the [fol. 4] exclusive rights and privileges thereby granted; that so far as your petitioner is informed and believes, the public generally have acquiesced in your petitioner's rights under said Letters Patent; that your petitioner is entitled to the exclusive use and enjoyment of said invention and of said Letters Patent; and that, but for the infringement hereinafter complained of, your petitioner would have been and would now be, in the undisturbed possession, use and enjoyment of the said invention and of the said exclusive rights and privileges and in receipt of the profits of the same.

VI. That the invention covered and claimed in said Letters Patent No. 1,228,120 was not invented or discovered by Melchior Lenke while an employee of the Government of the United States, nor during the time of his employment or service by or for the Government of the United States, nor is Melchior Lenke now in the employment or service of the Government of the United States.

VII. That your petitioner is informed and believes, and therefore avers, that the United States, through the officers and employees of its War and Navy Departments, and otherwise, has, since the grant of said Letters Patent No. 1,228,120, and before the filing of this petition, without the license of said Melchior Lenke or your petitioner, or any other owner of the patent, or without lawful right, made and constructed or caused to be made and constructed and used, or caused to be used, cargo beams containing and [fol. 5] embodying the invention covered and claimed by said Letters Patent No. 1,228,120, and particularly by claims 1, 2, 3 and 4 thereof, in violation and infringement of said Letters Patent and of the rights of your petitioner there-

under; that such unlawful and unauthorized use of your petitioner's said invention has resulted in great injury, damage and loss to your petitioner, to wit, as your petitioner is informed and believes, and therefore avers, the aggregate sum of at least One hundred and thirty-two thousand dollars ($132,000) damages and profits, which sum is still due your petitioner, no part thereof having been paid, and which sum or such reasonable compensation for the use by the United States of your petitioner's said invention as this Honorable Court may find to be due your petitioner, your petitioner avers it is fully entitled to recover from the United States after allowing all credits and offsets.

VIII. That your petitioner's said claim for compensation for the use of its said invention is not based on the use by the United States or any article, apparatus or method, owned, leased, used or in the possession of the United States prior to June 25, 1910.

IX. That your petitioner has not sold or transferred its said claim or any part of the same to any person or persons; that no action has been taken on this claim in Congress or in any of the departments, except that a claim was filed by the said Melchior Lenke in the War Department which was No. [fol. 6] 132 and denied May 16, 1921, on the ground that the War Claims Board had no jurisdiction and that your petitioner and the said Melchior Lenke and all others who have had any interest in said patent No. 1,228,120 have not, in any way, voluntarily aided, abetted or given encouragement in rebellion against the Government of the United States.

X. That the facts stated in this petition are true to the best of your petitioner's information and belief.

Wherefore your petitioner prays judgment in his favor against the United States, for the sum of One hundred and thirty-two thousand dollars ($132,000), more or less, as decreed by this Honorable Court and for such other and further relief as to this Court may seem just.

Richmond Screw Anchor Company, Inc., by Thomas E. Chappell, President. O. Ellery Edwards, Woolworth Building, New York City, Attorney and of Counsel for Petitioner.

[fol. 7] *Duly sworn to by Thomas E. Chappell. Jurat omitted in printing.*

[fol. 8] II. General Traverse—Filed July 3, 1921

No demurrer, plea, answer, counterclaim, set-off, claim of damages, demand, or defense in the premises, having been enacted on the part of the defendant, a general traverse is entered as provided by Rule 34.

III. Argument and Submission

On April 16, 1923, this case was argued and submitted on merits by Mr. O. Ellery Edwards, for the plaintiff, and by Mr. John S. Bradley, for the defendant.

[fol. 9] IV. **Findings of Fact, Conclusion of Law, and Opinion of the Court by Booth, J.**—Entered June 4, 1923

This case having been heard by the Court of Claims, the court upon the evidence, makes the following

Findings of Fact

I

The plaintiff company is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business in the city of New York, in said State.

II

On or about August 25, 1916, one Melchior Lenke, a citizen of the United States and of the State of New York, filed in the United States Patent Office an application for letters patent for certain improvements devised by him in cargo beams, upon which application United States letters patent No. 1,228,120 were issued to him, of date May

29, 1917. A copy of said letters patent is by reference made a part of these findings of fact as Exhibit A.

III

The action in the Patent Office on said application appears from the Patent Office file wrapper and contents in the case, a copy of which is by reference made a part of these findings as Exhibit B.

IV

At the time of the filing of the said application by Lenke for said patent, there were in the art relating to cargo beams and analogous or related structures the inventions or devices shown by the following United States letters patent:

No. 109,988, of December 6, 1870, to Wonlarlarsky.
No. 116,230, of June 20, 1871, to Smith.
[fol. 10] No. 178,734, of June 13, 1876, to Church.
No. 252,566, of January 17, 1882, to Winser.
No. 305,666, of September 23, 1884, to Chamberlain.
No. 347,755, of August 17, 1886, to Youman.
No. 410,507, of September 3, 1889, to Fain.
No. 562,381, of June 23, 1896, to Edwards.
No. 628,069, of July 4, 1899, to Brown.
No. 663,348, of December 4, 1900, to Kennedy.
No. 933,416, of September 7, 1909, to Callander.
No. 1,034,305, of July 30, 1912, to Russell.
No. 1,125,009, of January 12, 1915, to Curtis.

Copies of said letters patent are by reference made a part of these findings of fact as Exhibits C-1, C-2, C-3, C-4, C-5, C-6, C-7, C-8, C-9, C-10, C-11, C-12, and C-13, respectively.

V

Prior to the granting and issuing of the said Lenke letters patent No. 1,228,120 the type of cargo beam generally in use was a rigid beam, rigidly supported by and between two rigid uprights at or near the entrance to the sheds or buildings on the piers, for receiving and storing cargo from or for cargo carrying vessels.

Since the patenting and introduction of the cargo beam of the said Lenke letters patent said cargo beam has come largely into use, and in new construction and installation of cargo beams it has largely supplanted all other kinds or types of cargo beams.

VI

On or about September 29, 1920, the said Lenke letters patent were assigned by Lenke to one Thomas E. Chappell, who, in turn, on or about March 7, 1921, assigned them to the plaintiff company.

Each of said assignments of said letters patent contained a provision that the assignee should have "all rights of action for past infringements of said patent, and all rights to recoveries for damages, profits, and royalties for said infringements of every kind whatsoever."

VII

On December 31, 1918, attorneys representing the said Melchior Lenke wrote Maj. George Perrine, of the Quartermaster Corps, on duty at the Army supply base at Brooklyn, N. Y., stating that the cargo beam of the said Lenke patent was being used by the Government at said supply base without permission from the patentee, and that said Lenke claimed a royalty of $20 per beam for each of such beams used by the Government. In a reply to this letter dated January 31, 1919, Brig. Gen. R. C. Marshall, jr., chief of the Construction Division of the Army, stated that the validity of the patent and the legal rights of said Lenke could be determined only by the courts, and that his reply must not be construed as a recognition of any rights in Lenke in the matter, but that he understood Lenke was allowing the use of his device elsewhere for a royalty of $5 per beam, and that if the matter could be promptly settled and the Govern- [fol. 11] ment given the right to use the device on its projects elsewhere at that rate of royalty, the matter would "receive prompt attention."

VIII

During and since the year 1918 cargo beams of the kind and character illustrated and described in the drawings and

specifications of the said Lenke letters patent, and claimed in the claims of said letters patent, have been in use by the United States at its Army base at Brooklyn, N. Y., without, so far as appears from the record, any authorization by or compensation to the plaintiff or other owner of said letters patent for such use.

Conclusion of Law

Upon the foregoing findings of fact the court decides, as a conclusion of law, that the plaintiff is entitled to recover.

The case is remanded to the general docket with leave to either party to take testimony in conformity with the opinion herein.

Opinion

Booth, Judge, delivered the opinion of the court:

The plaintiff company is the assignee of letters patent No. 1,228,120, issued to Melchior Lenke on May 29, 1917, for a cargo beam. Lenke on September 20, 1920, assigned his patent to Thomas E. Chappell, of New York, and Chappell on October 1, 1920, duly assigned the same to the plaintiff company.

A cargo beam is no more nor less than a beam employed in combination with other elements to withstand the weight of cargo to be removed from the hold of vessels alongside a pier or wharf and deposited on the pier or in the warehouses fronting on the same. Beams are, of course, old and cargo beams, as such, have been in use for years. The method existing prior to the advent of the beam in suit was the employment of two channel beams spaced several inches apart, firmly riveted together at the top and bottom by means of angle irons or plates, and rigidly affixed at either end to two uprights extending upward through the roof of the warehouse in brackets designed for the purpose. At stated intervals along the lower web of the beam holes were bored, by means of which a saddle or U Bolt was fastened by the use of bolts and nuts, and to this saddle hoisting tackle a "Burton fall" was fixed. The cargo beam constituting the vital element of the device, as attempted to be described in the above comments, was permanently estab-

lished in the combination device; its upright position was firmly fixed, and its position stationary, never yielding in this respect, no matter from what angle the stress weight or force of the operation of removing cargo from the vessel was applied.

The record shows that a beam adaptable for the purpose weighed 3,300 pounds and must possess the full strength of withstanding the pull of cargo weights from both a vertical and a diagonal angle. The process of discharging cargo from a vessel by means of the rigid cargo beam is [fol. 12] precisely depicted in the annexed drawing designated Appendix 1.

Lenke conceived the idea of taking the mechanism in existence and substituting for the fixed beam a single I beam of about 1,300 pounds in weight. At each end of the I beam he attached laterally a strong bar by means of rivets and angle irons, providing a hole near its upper end, through which holes he introduced pivots, thereby enabling the cargo beam to swing into any angle from which the load was applied. In other words, with his beam, into the center or neutral zone of which he fastened his U bolts to receive the hoisting tackle, it was possible for the first time to utilize a cargo beam in such a way that it presented to the load it must carry its maximum strength, no matter whether the stress came from a vertical or diagonal angle. As a matter of fact, the real worth of the invention lies in the employment of a light cargo beam, undiminished in resisting power because of its ability to swing into a diagonal position when force is applied from that angle. So long as the load to be lifted is hoisted vertically and the stress of the pull applied directly, a comparatively light beam is sufficient. The necessity for reinforcement and much heavier beams lies in the fact that in discharging cargo from a vessel both vertical and diagonal pulls are always involved, and the rigid beam firmly fixed in position, previously adapted to a vertical strain, a direct weight, must be of far greater strength to withstand the process of discharging cargo. This is indicated in Appendix 2. Figure VII represents the rigid cargo beam and Figure VIII the patent in suit. In Figure VIII the beam swings in response to the application of the load wherever it may be situated

and presents its full inherent strength by adapting its position to the angle of the hoist without more than normal strain under any circumstances. The additional feature for which the patentee claims novelty is the attachment of the saddles to the I beam by means of holes projected through the center of the beam at the point of its neutral axis. Much stress is laid upon this feature. It is not denied, in fact is demonstrated, that perforation of the beam along the line of its neutral axis does not weaken the structure, whereas perforation at other places has a tendency to and does impair to some extent the carrying power of the same.

The plaintiff's patent is obviously a combination patent, and in view of the prior art limited to the exact terms of the claims. It is, to say the most for it, quite narrow and, as the history of its course through the Patent Office clearly demonstrates, is limited to an improvement of an existing device in the manner and in connection with conjunctive elements set forth in the specifications and claims. To this extent, and within this narrow compass, we believe the plaintiff is an inventor. While cargo beams are old, and their use extended, nevertheless the plaintiff did contribute in a novel way a means adaptable to function successfully and accomplish the end with less expense and prolong without doubt the life and efficiency of the device created over the old one. The plaintiff's swinging beam, the vital factor of a cargo beam mechanism, is admittedly an improvement over the old rigid beam and will without doubt retain its efficiency much longer and at a reduced expense to the owner.

[fol. 13] The defendant insists that "Lenke's invention is unpatentable because it embodies nothing more than a natural and normal modification of existing ideas." One may see now, after the fact, how decidely advantageous and how easily the most ordinary person could have modified existing ideas. This is patent to the most casual observer, for Lenke's cargo beam has almost universally superseded the old one. The defendant used it and almost every pier in the country has installed it. If Lenke takes things old in the art and by the introduction of a substitute, an element known to function in a certain way under cer-

tain conditions, compels the old device with the substitute element to perform a like service under much more favorable conditions at a much less expense and for a much longer space of time, is he to be denied his claim to invention because anyone could easily have foreseen the result? No one did foresee it and the art itself is not exceedingly old. To those who use a cargo beam, or for the benefit of those who may desire to use one, Lenke's beam offers a solution of the problem at a minimum of cost with a maximum of efficiency. That it is an improvement over the existing device is more than apparent by its extensive use.

What did Lenke invent? The defendant concedes that Lenke's patent is novel "in the sense that there is nothing in the prior art exactly like it, * * * and it is useful in the sense that it will support hoisting tackle." What Lenke was seeking to do was to support hoisting tackle. He observed the old cargo beam made up of two beams, spliced together, permanently attached to the upright posts, splendidly adapted to vertical stress. As thus reinforced, the double beam would serve as a means toward the end. Lenke saw the possibility of discarding the heavy, expensive beam in the old device, and substituting for it a beam of lighter weight, so fixed in place as to swing into the angle of resistance, perform the identical function, and maintain during the operation the full, maximum tensile strength of the beam itself. It is true he improved an existing idea, but in so doing he brought into being a new, improved idea, never before suggesting itself to those skilled in the art, a swinging cargo beam. To this he addresses his claims, and to this extent we believe his idea possesses novelty. Because his patent is narrow and his contribution to the art limited is not sufficient to invalidate his claims. The Patent Office so construed his claims, and he was content with such a construction. Lenke devised a combination of elements not theretofore in the art, made no more pretentious claims, and is expressly limited thereto.

Defendant makes some point of the failure of the patentee to observe section 4900, Revised Statutes. This, we think, in so far as the present record discloses, is determined by the stipulation of the parties, wherein written notice appears. It is primarily a question going to quantum of damages, rather than a substantial defense at this

stage of proceedings. The case is to be remanded for ascertainment of damages, and the question presented may well be reserved until that time.

The plaintiff protests against the receipt as evidence, tending to establish anticipation, of the exhibits disclosing the prior art. The competency of this line of proof is chal- [fol. 14] lenged upon the theory that the act of June 25, 1910, 36 Stat. 851,[1] amends section 4919, Revised Statutes, and therefore section 4920[2] assimilates the practice in patent cases in this court with the patent procedure in United States district courts, as prescribed by the terms of section 4920, R. S. The act of June 25, 1910, is not an amendment of section 4919, R. S. It is a jurisdictional statute granting the right to sue the United States in this court in infringement cases. The proviso to the act reserves to the

[1] Act of June 25, 1910 (36 Stat. 851): "That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: Provided, however, That said Court of Claims shall not entertain a suit or reward compensation under the provisions of this act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: Provided further, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: And provided further, That the benefits of this act shall not inure to any patentee who when he makes such claim is in the employment or service of the Government of the United States, or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employee during the time of his employment or service."

[2] Sec. 4920 Revised Statutes: "In any action for infringement the defendant may plead the general issue, and having given notice in writing to the plaintiff or his attorney thirty days before, may prove on trial any one or more of the following special matters:

* * * * * * *

"Third. That it had been patented or described in some printed publication prior to his supposed invention or discovery thereof, or,

"Fourth. That he was not the original or first inventor or discoverer of any material and substantial part of the thing patented; or,

"Fifth. That it had been in public use or on sale in this country for more than two years before his application for a patent, or had been abandoned to the public.

"And in actions as to proof of previous invention, knowledge, or use of the thing patented the defendant shall state the names of patentees and the dates of their patents, and when granted, and the names and residences of the persons alleged to have invented or to have had the prior knowledge of the things patented, and where and by whom it had been used; and if any one or more of the special matters alleged shall be found for the defendant judgment shall be rendered for him with costs. And the like defenses may be pleaded in any suit in equity for relief against an alleged infringement, and proofs of the same may be given upon like notice in the answer of the defendant and with the like effect."

United States all the usual defenses to a suit for infringement as set forth in Title Sixty of the Revised Statutes, "or otherwise." Manifestly, it was the intent of Congress to place a suit for infringement by the United States of a patent upon the same basis, in all respects as to meritorious defenses, as a suit of a similar nature in the district courts. Prior to the passage of this act the patentee was without a remedy against the Government. Section 4920, R. S., provides expressly for a definite line of procedure in cases where the defendant relies upon the prior art to invalidate a patent. The thirty days' notice required, as very aptly observed, is designed to afford the plaintiff ample time before trial to acquaint himself with the exhibits disclosing the prior art and equip himself for an intelligent cross examination of witnesses called to interpret the prior patents. This is, indeed, a vital necessity in cases in the district courts, supported and discredited generally by oral testimony given before the court, as well as in cases where depositions are taken and subsequently exhibited to the court. But the obvious difference between the procedure in the district courts and in this court effectively precludes the injustice sought to be obviated by section 4920 from arising in proceedings before this court. Section 157 of the Judicial Code[1] gives to this court express authority to establish rules for its government and "regulate the practice therein," and in conformity with the conferred author[fol. 15] ity we have established rules and regulations designed to cover a practice devoid of formal pleadings, except as provided in section 159 of the code, and wherein the testimony of witnesses appears almost universally in the form of depositions. The plaintiff in patent litigation is never embarrassed by the failure to give the notice required by section 4920, R. S., in infringement cases before this court, for ample time always remains to meet the issue. The chief criticism of the Department of Justice is the consumption of too much, instead of too little, time in this respect. We do not believe that Congress intended by the passage of the act of June 25, 1910, to circumscribe the gen-

[1] Sec. 157. Judicial Code. "The said court shall have power to establish rules for its government and for the regulation of practice therein, and it may punish for contempt in the manner prescribed by the common law. may appoint commissioners, and may exercise such powers as are necessary to carry into effect the powers granted to it by law."

EXHIBITS TO OPINION

APPENDIX 1.

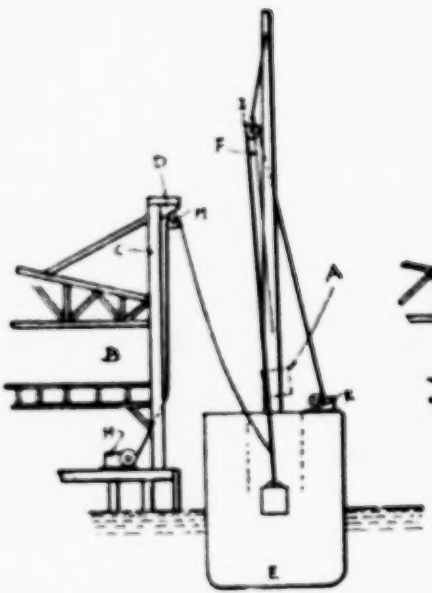


FIG 1

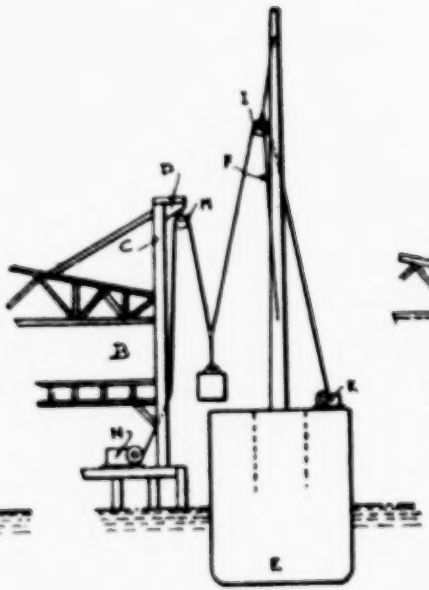


FIG. 2

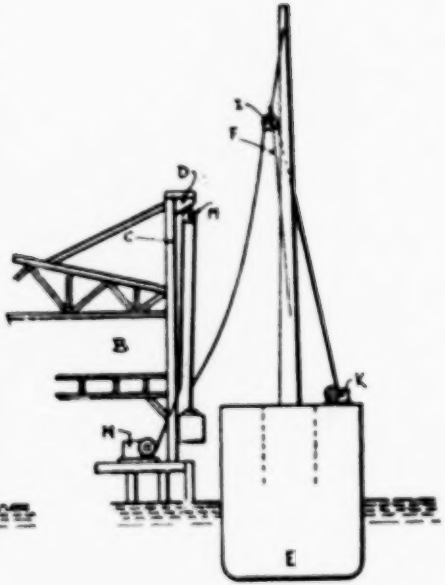


FIG 3

APPENDIX 2.

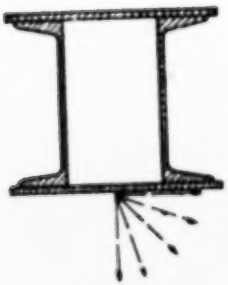


FIG. VII.

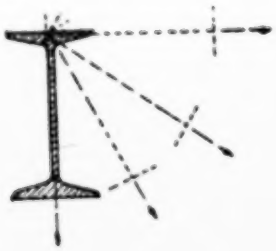


FIG. VIII.

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1888

eral authority conferred on the court in section 157 of the code in a mere matter of procedure. The act of June 25, 1910, does not so state. Its language is clearly susceptible of a contrary construction. The "United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise." We require no special pleas in patent cases. The defendant interposes none. As a matter of fact, a general traverse to the petition is usually filed by the clerk under rule 34, and the case is then at issue. Congress was concerned with a positive reservation of all defenses to the United States in patent cases for infringement and was not by the statute intending to modify or change our established rules of practice and procedure obtaining since the establishment of the court.

Whatever rights the plaintiff may have had under any circumstances have been given. The defendant examined its expert witnesses, at which time the evidence complained of was first exhibited to the plaintiff, on February 18, 1922. Plaintiff then objected to the testimony, but subsequently, on May 5, 1922, more than 30 days after receipt of the exhibits, examined at length its own expert with especial reference to these identical exhibits. The subject was gone into in great detail and exhausted. The plaintiff now assigns no cause for the elimination of the testimony from the record other than a failure to observe the terms of the statute, the case itself having been briefed and argued upon its merits by both parties.

The case will be remanded to the general docket for further proceedings respecting the issue of damages. It is so ordered.

Graham, Judge; Hay, Judge; Downey, Judge; and Campbell, Chief Justice, concur.

(Here follow Exhibits to Petition, marked side folio pages 16 and 17)

[fol. 18] V. History of Proceedings

On August 3, 1923, the defendant filed a motion for a new trial.

On October 15, 1923, the court entered the following order on said motion:

Order

It is ordered by the Court that the defendant's motion for new trial be and the same is overruled.

VI. Argument and Submission

On November 3, 1925, this case was argued and submitted on merits by Mr. O. Ellery Edwards, for the plaintiff, and by Mr. John S. Bradley, for the defendant.

[fol. 19] VII. Order Setting Aside Former Judgment
Dec. 7, 1925

It is ordered by the court this 7th day of December, 1925, that the former conclusion of law and judgment entered by this court in this case on June 4, 1923, be and the same are set aside, and that the petition be and the same is dismissed.

It is further ordered that judgment be and the same is rendered against the plaintiff in favor of the United States for the cost of printing the record in this cause, the amount thereof to be entered by the clerk and collected by him according to law.

[fol. 20] VIII. Additional Findings of Fact, Conclusion of Law, and Opinion of the Court by Booth, J.—Entered December 7, 1925

This case having been heard by the Court of Claims, the court upon the evidence makes the following

Additional Findings of Fact

I

The United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent, as follows:

Army base, South Brooklyn	366
Army base, Norfolk, Va.	256
Navy base, Charleston, S. C.	88
Army base, New Orleans, La.	100
Total	810

II

Since January 1, 1919, the evidence establishes that no additional beams of the Lenke type have been installed or used by the United States.

III

The fair license value on a royalty basis is the sum of twenty ($20) dollars a cargo beam, amounting in this case to the sum of sixteen thousand two hundred ($16,200) dollars.

IV

The use of the Lenke cargo beam by the United States instead of the cargo beams theretofore installed and used resulted in a saving of 2,000 pounds of metal per beam. The market price per pound of the kind of metal employed in the construction of cargo beams was 6½ cents per pound, thus enabling the United States to save in the expense of installation the difference in weight between the old beams used and the Lenke beam, viz. the difference between 3,300 pounds and 1,300 pounds, or 2,000 pounds on each beam installed, amounting in the aggregate to $103,480.

The United States installed the Lenke beams by contract with third parties. The beams were installed for the exclusive use of the United States. None were sold or installed for profit, other than such as accrued to the United [fol. 21] States by reason of the saving in cost of installa-

tion. The single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty. They were used by the United States for Government purposes. There is no proof in the record as to any other saving or advantage to the United States.

V

The plaintiff and earlier owners of the Lenke patent did not manufacture cargo beams of the Lenke type, but consistently followed the practice of licensing others to make and use them.

Conclusion of Law

Upon the foregoing additional findings of fact, which are made part of the judgment herein, the court concludes as a matter of law that the former conclusion of law and judgment entered by this court in this case on June 4, 1923, be, and the same hereby are, set aside and a new judgment this day entered dismissing the plaintiff's petition.

Opinion

Booth, Judge, delivered the opinion of the court:

The original petition in this case was filed May 23, 1921. When the case came on for proof the parties entered into an express stipulation, in part as follows: "Therefore, subject to the approval of the Court, it is stipulated by and between counsel for the respective parties that the taking of testimony respecting the nature and amount of compensation to be paid by defendant will be postponed until the issues determining the liability of defendant to pay compensation have been decided by this Court."

The case is for an infringement of a patented cargo beam. The Court has heretofore uniformly approved a course of proceeding in patent cases wherein the validity of the patent is challenged, in accordance with the stipulation set out above. In this case we approved the stipulation and the parties proceeded accordingly. A record of considerable proportion presented to the Court the vital issue of a patentable invention. The parties so treated it, and the case

was argued upon that one point and no other. June 4, 1923, the Court sustained the validity of the patent and remanded the case, in accord with the stipulation of the parties, to the general docket, with leave to either party to take testimony respecting damages recoverable. The case is before us now in virtue of the above order of remand, and the Court is for the first time advised as to the nature, extent and character of plaintiff's contention respecting the allowance of sums either as royalty, damages, or profits.

We have gone into the previous history of the litigation in order to demonstrate that the issue which we confidently believe determines the case was not raised upon the former argument and was not deducible from the record then presented. The Court was not informed and had no means of knowing when the patented devices were used by the United States until the present record disclosed the fact. The per-
[fol. 22] tinency of what we have said appears from the subsequent discussion of the case, and clearly reflects the necessity for great caution in adopting a rule of procedure of such general application when a closer inspection and knowledge of the exact dates respecting user is obviously available to both parties.

Claim I of plaintiff's patent reads as follows: "A permanent rigid structure constructed with upright posts spaced a material distance apart, a cargo beam of greater depth than thickness provided with means near the lower edges of said beam for connecting a tackle block therewith, and pivotal supports at the ends of said beam at higher points than said connecting means, said supports being connected with said posts."

Claim two repeats the combination of the beam with the rigid permanent structure described in claim one, and details the essential elements of novelty which enter into the construction of the beam to cause it to function differently from all its predecessors. Claims three and four detail its adaptability to a shed structure. Therefore, when the intended design of the patentee is accomplished, when use of the patent device occurs, it must necessarily be when the beam is installed. The beam itself with all its novelty is incapable of any practicable use until it is affixed in a "permanent rigid structure." The predominating idea of the inventor was to supplant the old cargo beam affixed in a

permanent structure with one of much less weight affixed to the structure or shed in much the same way, but adapted by reason of superior improvements to the carriage of great weights irrespective of the angle from which applied. This we held to be the extent of novelty in the patent involved, and while narrow in scope nevertheless entitled the plaintiff to recover, assuming of course the establishment of infringement by the defendant.

From what has been said it is manifest that the patent was of such a character that it was incapable of use until installed as above set forth, resulting under the record now before us in a judgment for the defendant. It is conceded by both parties to the record that 810 cargo beams of the type involved have been installed by the defendant as of January 1, 1919. The findings disclose that on September 29, 1920, the original inventor, Lenke, assigned his letters patent to Thomas E. Chappell, and that Chappell in turn, on March 7, 1921, assigned them to the plaintiff, attempting by the last assignment to invest the plaintiff with the right to recover for all past infringements of the patented device. Under the decision of the Supreme Court in Brothers v. United States, 258 U. S. 88, "An unliquidated claim against the United States, under the Act of June 25, 1910, c. 423, 36 Stat. 851, for the alleged infringement of a patent is not assignable with the patent." In deciding this particular point the Supreme Court, in the Brothers case, used this language:

"From the findings it appears that claimant filed application for his patent July 18, 1895, and, upon such application, letters patent No. 551,614 were granted and issued, under date December 17, 1895, to his assignees, Sarah E. Brothers and Maria A. Brown, to whom he had made assignment pending the application. Subsequently the letters patent were assigned to claimant, under date October 2, 1912, two and one-half months prior to their expiration by limitation on December 17, 1912. His claim to compen- [fol. 23] sation is necessarily limited to this brief period, since there could be no assignment to him of any unliquidated claim against the Government arising prior to the time he became the owner of the patent. R. S. § 3477."

The former judgment of the Court as expressed in its conclusion of law will be set aside, and a new judgment this day entered dismissing the petition. It is so ordered.

Graham, Judge; Hay, Judge; Downey, Judge; and Campbell, Chief Justice, concur.

[fol. 24] IX. JUDGMENT

At a Court of Claims held in the City of Washington on the Seventh day of December, A. D., 1925, judgment was ordered to be entered as follows:

The Court, upon due consideration of the premises, find in favor of the defendant, and do order and adjudge that the plaintiff, as aforesaid, is not entitled to recover any sum in this action of and from the United States; and that the petition be and it hereby is dismissed: And it is further ordered and adjudged that the defendant shall have and recover of and from the plaintiff, as aforesaid, the sum of One hundred and seventy nine dollars and two cents ($179.02) the cost of printing the record in this court, to be collected by the clerk, as provided by law.

By the Court.

X. HISTORY OF FURTHER PROCEEDINGS

On December 23, 1925, the plaintiff filed a motion for additional findings of fact.

On March 1, 1926, the plaintiff's motion for additional findings of fact was argued and submitted by Mr. O. Ellery Edwards, for the plaintiff, and by Mr. John S. Bradley, for the defendant.

On May 3, 1926, the court entered the following order on said motion:

ORDER

It is ordered by the Court this 3d day of May, 1926, that the plaintiff's motion for additional findings be and the same is overruled.

[fol. 25] Clerk's certificate to foregoing transcript omitted in printing.

Endorsed on cover: File No. 32,107. Court of Claims. Term No. 540. Richmond Screw Anchor Co., Inc., petitioner, vs. The United States. Petition for writ of certiorari and exhibit thereto. Filed July 30, 1926. File No. 32,107.

SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed October 25, 1926

The petition herein for a writ of certiorari to the Court of Claims is granted. And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

FILED

SEP 4 1926

WM. R. STANSBURY
CLERK

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1926.

No. [redacted] 99

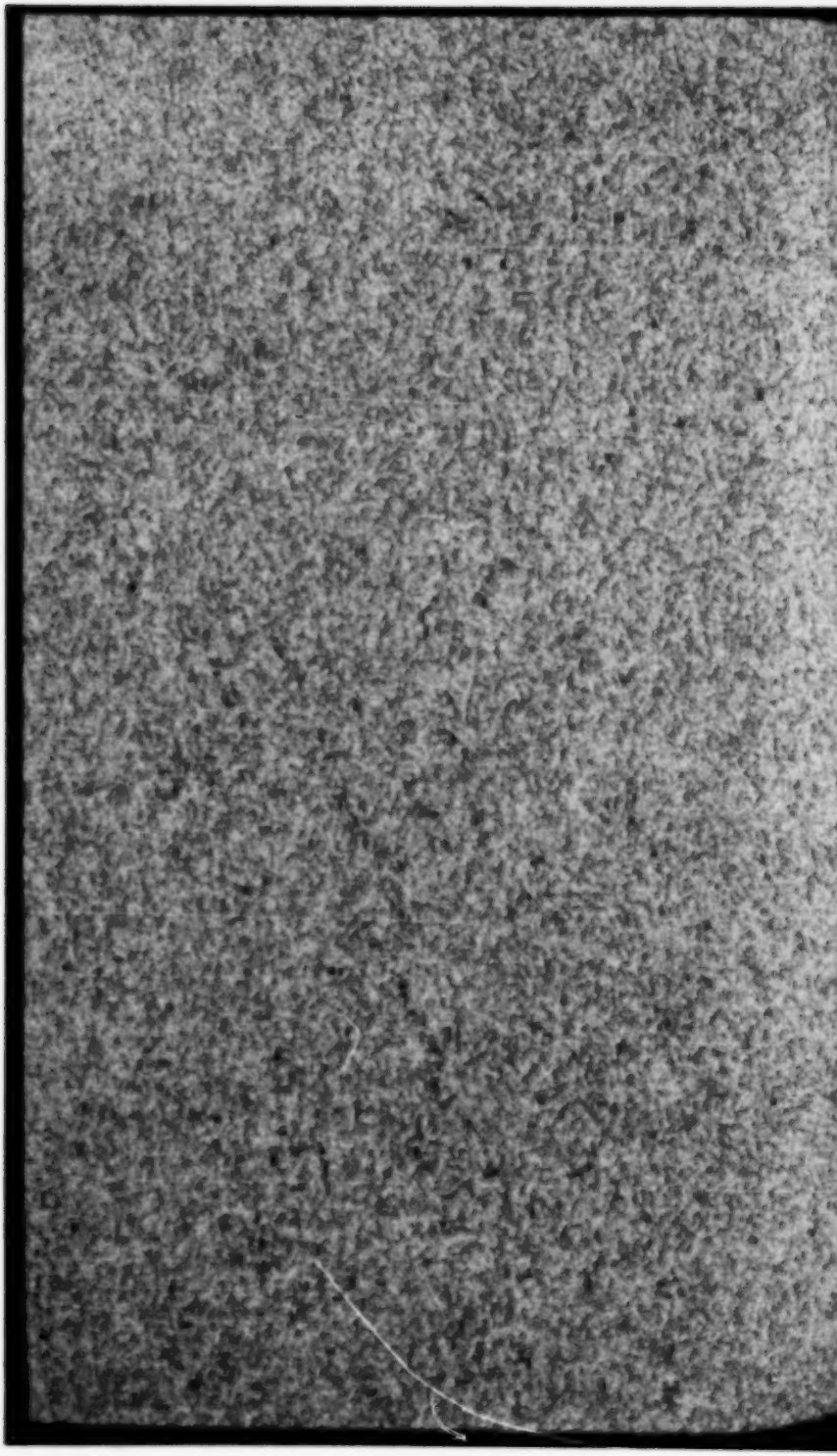
RICHMOND SCREW ANCHOR CO., INC.,
Plaintiff-Petitioner,

vs.

UNITED STATES, Defendant-Respondent.

BRIEF FOR PETITIONER.

WILLIAM H. KENYON,
ARCHIBALD COX,
O. MILLET EDWARDS,
JOSEPH W. COX,
DOUGLAS H. KENYON,
Counsel for Petitioner.



INDEX.

	Page
Statement of the case	1
Petitioner's contentions	2
Argument	3
Point I. "Use by" the United States after March 7, 1921, when plaintiff's ownership of the patent began, was an infringement of the patent and without more supported the plaintiff's petition in the Court of Claims and entitled the plaintiff to a recovery under the findings of fact made by the Court of Claims	3
Point II. Manufacture of the patented article by the contractor for the United States on January 1, 1919, prior to plaintiff's ownership of the patent, was an infringement of the patent by the contractor, the right to recover the entire compensation for which from the United States, was given to the then owner of the patent by the act of 1918 and was assignable along with the ownership of the patent, in spite of U. S. R. S. 3477, and without more, supported the plaintiff's petition in the Court of Claims and entitled the plaintiff to a recovery under the findings of fact made by the Court of Claims	7
Point III. U. S. R. S. 3477 is not applicable under the circumstances of the case at bar	11
Point IV. The "entire compensation" referred to in the Act of 1918 would seem to include interest from an appropriate date on the principal sum awarded	13
Conclusion	14
Appendix	15

Cases Cited

E. W. Bliss Co. v. U. S., 253 U. S., 187	8
Brooks Scanlon Corp. v. U. S., 265 U. S., 106	13
William P. Brothers v. United States, 250 U. S., 88	11
Cramp v. International Co., 246 U. S., 27	4
Crozier v. Fried. Krupp Actiengesellschaft, 224 U. S., 290	4, 8

Page

Crown v. Nye, 261 U. S., 24, 40 11
Gayler v. Wilder, 10 How., 277, 494 11
Marconi Wireless Tel. Co. v. Simon, 246 U. S., 45 4
Marconi Wireless Tel. Co. v. Simon, 227 Fed., 906, and 231 Fed., 1021 4
Seaboard Air Line v. U. S., 261 U. S., 299 13
Sperry Gyroscope Co. v. Arma Engineering Co., Adv. Ops. No. 15, June 15, 1926, p. 290 ..... 1, 6, 9
Standard Oil Co. v. United States, 267 U. S., 76 9
United States v. Benedict, 261 U. S., 296 13
United States v. Brown, 263 U. S., 78 13
Waterman v. McKenzie, 138 U. S., 252 11

ACTS AND STATUTE CITED.

Act of June 25, 1910 ..... 1, 11, 15
Act of July 1, 1918 ..... 1, 11, 16
United States Revised Statutes, Section 3477 ..... 1, 11, 16

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1926.

No. 540.

RICHMOND SCREW ANCHOR CO., INC.,
PLAINTIFF-PETITIONER,

vs.

UNITED STATES, DEFENDANT-RESPONDENT.

BRIEF FOR PETITIONER.

Statement of the Case.

The suit is brought under the Act of July 1, 1918, Chapter 114, and the true intent and meaning of that act are involved, and also the meaning and application of U. S. R. S. 3477. (In the appendix at the end of this brief will be found these statutes and also the Act of June 25, 1910, which was amended by the Act of July 1, 1918.)

The judgment of the lower court is found at page 25 and on the same page the final order of May 3d, 1926.

In *Sperry Gyroscope Co. v. Arma Engineering Co.*,

decided May 24, 1926, Adv. Ops., June 15, 1926, p. 596, this Court said of the Act of 1918:

> "The true intent and meaning of the statute is not free from doubt."

Our contentions are:

I. Under the Act of 1918 *the use by the United States* of the patented article during the plaintiff's ownership of the patent (*i. e.*, after March 7, 1921) *was an infringement* of the patent and this use in itself and without more supported the plaintiff's petition in the Court of Claims and entitled the plaintiff to a recovery under the findings of fact made by the Court of Claims. (Rec., par. (*a*), p. 3.)

II. Under the Act of 1918 *the manufacture* of the patented article *by the contractor for the United States* on January 1, 1919, prior to plaintiff's ownership of the patent was an infringement of the patent by the contractor, the right to recover the entire compensation for which from the United States was given to the then owner of the patent by the Act of 1918 and was assignable along with the ownership of the patent, in spite of U. S. R. S. 3477, and this manufacture in itself and without more supported the plaintiff's petition in the Court of Claims and entitled the plaintiff to a recovery under the findings of fact made by the Court of Claims. (Rec., par. (*d*), sub. par. (4), p. 4.)

III. U. S. R. S. 3477 is not applicable under the circumstances of the case at bar. (Rec., p. 4, par. (*d*).)

IV. The "entire" compensation referred to in the Act of 1918 includes interest on the principal sum awarded. (Rec., p. 5, par. (*e*).)

ARGUMENT.

Point I. "Use by" the United States after March 7, 1921, when plaintiff's ownership of the patent began, was an infringement of the patent and without more supported the plaintiff's petition in the Court of Claims and entitled the plaintiff to a recovery under the findings of fact made by the Court of Claims.

The monopoly of a patent includes the sole right to use throughout the term of the patent as well as to make and sell.

Use by the United States after plaintiff's ownership began invaded the monopoly of the patent and trespassed upon plaintiff's rights thereunder and for this trespass suit lies in the Court of Claims under the Act of July 1, 1918, unless something in that act licensed that use under circumstances such as those of the present case.

The Court of Claims dismissed the petition on the theory that the prior installation as of January 1, 1919, consummated an act of appropriation by the United States under the sovereign right of eminent domain of a license to use under the patent the entire 810 cargo beams then installed, and hence that the use after March 7, 1921, was licensed under the patent.

The somewhat similar Act of 1910 has been held by this Court not to vest in the United States a license under a patent infringed by it. This holding was

made in *Cramp v. International Co.*, 246 U. S., 27, and applied in *Marconi Wireless Tel. Co. v. Simon*, 246 U. S., 45.

Prior to those decisions the district courts and circuit courts of appeals (*e. g., Marconi Wireless Tel. Co. v. Simon*, 227 Fed., 906, and 231 Fed., 1021, and in other cases) had considered the Act of 1910 in connection with the decision of this Court in *Crozier v. Fried. Krupp Actiengellschaft*, 224 U. S., 290, and the district court had held in the Marconi case that from such considerations "it resulted that there existed in favor of the United States a general license to use patent rights when necessary for its governmental purposes," and thereafter the Circuit Court of Appeals for the Second Circuit affirmed this decision "upon the theory of the license resulting from the Act of 1910 in accordance with the views which had been expressed by the trial court." We quote from the opinion of this Court in the Marconi case, 246 U. S., 46.

> "In view of the construction which we have given the Act of 1910 in the case of William Cramp & Sons Ship & Engine Bldg. Co. vs. International Curtis Marine Turbine Co., just decided, 246 U. S., 28, *ante* 560, 38 Sup. Ct. Rep., 271, it is apparent that both the courts below erred, since the significance which they gave to the statute, and upon which their conclusions were based, we have held in the case stated to be without foundation. • • • Under these circumstances, as we have clearly removed by our decision in the Cramp case all reasons for misconception concerning the statute, and have thus cleared the way for the discharge by the

court below of its duty, we think the case before us, etc. * * *

"Our order, therefore, will be one reversing the decrees of both courts below and remanding to the District Court to the end that, in the light of the construction which we have given the Act of 1910, the rights of the parties may be considered and determined."

Is the Act of 1918 any different in this regard from the Act of 1910?

The Act of 1918 differs from the Act of 1910 in the following important particulars:

1. It extends the scope of the act from inventions "used by the United States without license of the owner" of the patent, to inventions "used or manufactured by or for the United States without license of the owner."

2. It changes the optional remedy (the "owner may recover"), to an apparently exclusive remedy (the "owner's remedy shall be").

3. It changes the recovery from "reasonable compensation for such use," to "reasonable and entire compensation for such use and manufacture."

There is nothing, we submit, in these differences, or in any of them, to justify the Court of Claims in construing the Act of 1918 on a theory that was rejected by this Court in construing the Act of 1910.

The Court of Claims, in dismissing plaintiff's petition, reverted to the theory of general license in favor of the United States to use patent rights when necessary for its governmental purposes, which this Court

held to be without foundation as applied to the construction of the precisely analogous Act of 1910. In regard to *use by* the United States the two acts are not distinguishable. The decision of the Court of Claims construing the Act of 1918 is in conflict with the cited, applicable, decisions of this Court construing the Act of 1910.

Sperry Gyroscope Co. v. Arma Engineering Co., Adv. Ops. No. 15, June 15, 1926, p. 596, decided May 24, 1926, arose under the Act of 1918 but it raised only the question of jurisdiction of the District Court to hear and determine a suit for injunction and damages for alleged infringement of a patent against a contractor who manufactured for the United States.

The Court said:

> "The argument is that the Act of 1918 deprived the District Court of jurisdiction over the controversy between the present parties because it limited the patent owner's remedy, under circumstances like those here disclosed, to a suit against the United States in the Court of Claims. But we think this contention goes to the merits of the matter, and not merely to the question of jurisdiction. *The true intent and meaning of the statute is not free from doubt;* but certainly there is nothing therein which shows any clear purpose to take away the power to decide. It became the duty of the court below to consider and determine whether, in the circumstances stated, appellee was relieved of liability and permitted by the statute to do what otherwise would have constituted a violation of appellant's rights. There was jurisdiction."

There is in this decision as to the liability of one who manufactured for the United States to answer in the District Court, no holding or implication, even the remotest, that *as to use by the United States* the Act of 1918 is different from the Act of 1910, but quite the reverse.

If the United States had obtained a license from the original owner by agreement, or if the original owner had sued and obtained a judgment in the Court of Claims for reasonable compensation for the use of the invention throughout the life of the patent and the judgment had been satisfied the plaintiff would have no claim for the use by the United States after March 1, 1921. But nothing of this kind having occurred, each day's use of the invention after March 1, 1921, was a new infringement for which the United States was liable directly to the plaintiff for additional compensation under the Act of 1918, and this the Court of Claims should have included in an award to the plaintiff.

Point II. Manufacture of the patented article by the contractor for the United States on January 1, 1919, prior to plaintiff's ownership of the patent, was an infringement of the patent by the contractor, the right to recover the entire compensation for which, from the United States, was given to the then owner of the patent by the Act of 1918 and was assignable along with the ownership of the patent, in spite of U. S. R. S. 3477, and without more, supported the plaintiff's petition in the Court of Claims and entitled the plaintiff to a re-

covery under the findings of fact made by the Court of Claims.

The plaintiff, having such an interest in the patent, as, without the Act of 1918, would have supported an infringement suit by it against the contractor for manufacturing the infringing cargo beams for the United States, has, on the reasoning and implication of this Court in *E. W. Bliss Co. v. U. S.*, 253 U. S., 187, such an interest as will support its petition in the Court of Claims against the United States for that infringement.

In *E. W. Bliss Co. v. U. S.* (*supra*), the Act of 1910 was in question. This Court, in holding that the title of the plaintiff there was "a mere license, not sufficient to sustain a suit for infringement," said:

> "Giving to this statute, as we do, the liberal interpretation placed upon it in Crozier *vs.* Krupp Aktiengesellschaft, 224 U. S., 290, and in William Cramp & Sons Ship & Engine Bldg. Co. *vs.* International Curtis Marine Turbine Co., 246 U. S., 28, the 'owner' who may maintain an infringement suit against the government must have at least such an interest in the patent as, without the statute, would support such a suit against a defendant other than the United States."

A natural and reasonable corollary of this would be, that if the interest in the patent were sufficient, without the corresponding statute of 1918, to support a suit against a defendant other than the United States, it would under the statute support a suit in the Court of Claims against the United States.

Again by the Act of 1918 the United States would appear to consent to be sued in the Court of Claims for the *entire* compensation, and this clearly includes compensation for the manufacture by the contractor for the United States because such *manufacture for* the United States is explicitly included in the terms of the act.

Prior to the act the claim against the contractor for compensation for such manufacture would have been assignable under familiar law.

On the reasoning of this Court in *Standard Oil Co v. United States*, 267 U. S., 76, it may apparently be assumed that by the Act of 1918 the United States assented to the assignability of such a claim for compensation for the infringing acts of the contractor as an ordinary incident of the ownership of the patent and of its assignability under the law. In *Standard Oil Co. v. United States* (*supra*), the United States had under an Act of September 2, 1914, issued a policy of marine insurance and some question arising as to the allowance of interest the Court said:

> "When the United States went into the insurance business, issued policies in familiar form, and provided that, in case of disagreement, it might be sued, it must be assumed to have accepted the ordinary incidents of suits in such a business."

Again this Court in *Sperry Gyroscope Co. v. Arma Engineering Co., supra*, has held that the district courts have jurisdiction to determine, in a suit against the contractor, whether he "was relieved from liability

and permitted by the statute to do what otherwise would have constituted a violation" of the rights of the owner of the patent.

To construe the Act of 1918 as relieving the contractor from all liability to the then owner of the patent or to his assignee and substituting therefor a liability of the United States to the then owner of the patent only and not to his assignee, would appear to be taking private property for public use without due process of law or just compensation, and certainly would not give the owner of the patent *an additional remedy* as the act purports to do, but a substantially curtailed remedy. It is certainly not clear that the Act of 1918 intended this curtailment of remedy.

Again, plaintiff's claim, insofar as it is based upon manufacture by contractors for the United States, is essentially *a claim against the contractors* with all the legal incidents of such a claim, including assignability, and it would not seem to be changed in this its essential character by the Act of 1918 by which the United States assumed full responsibility for the "entire" compensation for the infringement including this phase or part of it.

It can hardly be argued that in spite of the Act of 1918 there remains in the plaintiff the right to collect from the contractors all their profits made by their infringing manufacture for the United States and all the damage caused to plaintiff thereby; and yet this is the necessary legal consequence of the decision of the Court of Claims, else property has been taken for public use without due process of law and without just compensation.

Point III. U. S. R. S. 3477 is not applicable under the circumstances of the case at bar.

1. The subject matter of the assignments in question is the infringement of Letters Patent and we submit that in view of the Patent Statutes and the Acts of 1910 and 1918 such assignments are not within the prohibition of U. S. R. S. 3477.

This question was in terms passed upon in *William F. Brothers v. United States*, 250 U. S., 88; but the holding there being non-infringement the question did not really arise and may not have been judicially considered. The case at bar raises the question as to a part of the infringement charge.

Patent property is peculiar and its assignability is provided by special statute (U. S. R. S. 4898).

This Court said in *Crown v. Nye*, 261 U. S., 24, 40:

> "This view ignores the peculiar character of patent property and the recognized rules for the transfer of its ownership and its incidents. Patent property is the creature of statute law, and its incidents are equally so, and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment. This is shown by the opinion of this Court in Waterman v. McKenzie, 138 U. S., 252; 34 L. Ed., 923; 11 Sup. Ct. Rep., 334, already cited, and in the line of authorities followed therein. It is not safe, therefore, in dealing with a transfer of rights under the patent law, to follow implicitly the rules governing a transfer of rights in a chose in action at common law. As Chief Justice Taney said in Gayler v. Wilder, 10 How., 477, 494; 13 L. Ed., 504, 511:

> " 'The monopoly did not exist at common law, and the rights, therefore, which may be exercised under it, cannot be regulated by the rules of the common law. It is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes.' "

The transfer of the right to sue for an infringement that began in the past and continues in the present and in the future, as an incident of the transfer of the ownership of the patent itself, cannot be regulated by the rules of the common law, and, by parity of reasoning, cannot, we submit, be subject to an ancient prohibition (that of U. S. R. S. 3477) against the assignment at common law of claims for the payment of money by the United States, or, if so, the Act of 1918 repeals U. S. R. S. 3477 in that particular application.

Moreover, the Acts of 1910 and 1918 in explicit terms provide what defenses the United States may avail itself of, as follows:

> "*Provided, further*, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise."

An ordinary defendant in an action for infringement could not plead U. S. R. S. 3477 nor, by implication, can the United States in a suit under the Acts of 1910 and 1918.

2. Again the assignments here in question carry the ownership of the patent as well as all claims for past infringements of same, and they are thereby distinguished from the ordinary claim against the United States for money to which U. S. R. S. 3477 relates. The past infringements in question merge in the present and continuing infringement and become one with it.

3. Again the assignments here in question explicitly authorize and empower the assignee to sue in his or its own name for past infringements. This on the theory of agency would seem to take the case outside the purview of U. S. R. S. 3477.

Point IV. The "entire compensation" referred to in the Act of 1918 would seem to include interest from an appropriate date on the principal sum awarded.

This is on the authority of decisions of this Court in the "just compensation" cases construing other similar statutes, such decisions as

United States v. Benedict, 261 U. S., 296.
Seaboard Air Line v. U. S., 261 U. S., 299.
United States v. Brown, 263 U. S., 78.
Brooks Scanlon Corp. v. U. S., 265 U. S., 106.

Conclusion.

In view of the foregoing, it is respectfully submitted that this petition should be allowed.

WILLIAM H. KENYON,
ARCHIBALD COX,
O. ELLERY EDWARDS,
JOSEPH W. COX,
DOUGLAS H. KENYON,
Counsel for Petitioner.

Dated New York, August 5, 1926.

APPENDIX.

Act of June 25, 1910, Chap. 423, 36 Stat., 851.

"An Act to Provide Additional Protection for Owners of Patents of the United States, and for Other Purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: *Provided, however*, that said Court of Claims shall not entertain a suit or reward (*sic*) compensation under the provisions of this act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, that in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, that the benefits of this act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employe during the time of his employment or service."

Act of June 25, 1910, c. 423, 36 Stat., 851, Amended July 1, 1918, c. 114, 40 Stat.

"Whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: *Provided, however*, That said Court of Claims shall not entertain a suit or award compensation under the provisions of this act where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employee during the time of his employment or service."

United States Revised Statutes, Section 3477.

"All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for

receiving payment of any such claim, or of any part or share thereof, shall be absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. Such transfers, assignments, and powers of attorney, must recite the warrant of payment, and must be acknowledged by the person making them, before an officer having authority to take acknowledgements of deeds, and shall be certified by the officer; and it must appear by the certificate that the officer, at the time of the acknowledgement, read and fully explained the transfer, assignment, or warrant of attorney to the person acknowledging the same."

(10)

Office Supreme Court, U.
FILED
OCT 21 1927
CHARLES ELMORE CRO
CLE

Supreme Court of the United States,

OCTOBER TERM, 1927.

No. 99.

RICHMOND SCREW ANCHOR CO., INC.,
Petitioner-Plaintiff,

vs.

THE UNITED STATES,
Respondent-Defendant.

ON WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

BRIEF FOR PETITIONER.

CHARLES E. HUGHES,
WM. HOUSTON KENYON,
ARCHIBALD COX,
O. ELLERY EDWARDS,
JOSEPH W. COX,
DOUGLAS H. KENYON,
Counsel for Petitioner.

The Stanley Post Job Printing Office, Inc., 104 Fulton St., New York, N. Y.

INDEX.

	PAGE
The grounds of jurisdiction	1
Statement of the Case	2–4
Contentions of Petitioner	3–4
I. That it was error to dismiss the petition	
(*a*) Because of the use by defendant of 810 infringing beams after March 7, 1921	3
(*b*) Because of the manufacture of 810 infringing beams by contractors for, and delivery to, defendant January 1, 1919	3
(*c*) Because the assignment to petitioner is governed by Sec. 4898 and Sec. 3477 does not apply	4
II. That the patent in suit is adjudicated valid and infringed	4
III. That petitioner should recover as damages	
(*a*) Installation saving of $103,480	4
(*b*) Interest on that saving from January 1, 1919	4
Argument	5–40
I. It was error to dismiss	5–24
A. Because of infringement by use since petitioner acquired title	5
B. Because the claim against contractors was assignable and liability for it was assumed by defendant	5, 9
C. Sec. 3477 does not apply to any part of the case	5, 18

PAGE

POINT A. Use by the United States after March 7, 1921, supports the Petition 5–9

Court of Claims erred in holding that infringement terminated with installation 5

License theory erroneous 6

Act of 1910 construed to show this 6

Act of 1918 identical as to this point .. 7

Another situation would have arisen had installation saving been paid or license taken 7

Defendant's position that there has been no use since March 7, 1921, is erroneous 8

POINT B. Claim against contractors was assignable under U. S. R. S. 4898 and U. S. R. S. 3477 does not apply to liability of United States for same 9–18

Argument from *Bliss Co. v. United States*, 253 U. S. 187 10

Argument from *Standard Oil v. United States*, 267 U. S. 76 10

Argument from *Sperry v. Arma*, 271 U. S. 232 11

Construction of Act of 1918 which preserves all of the patentee's rights as against the contractors is clearly indicated 11

Assignability of that claim not lost by Act of 1918. Analogy of *Miller v. Robertson*, 266 U. S. 243 12

If lost against United States it stands good against contractors themselves, else Act of 1918 is unconstitutional .. 12

PAGE

Defendant's theory of legislative intent of Act of 1918 in connection with U. S. R. S. 3477 13
Historical analysis of legislative intent of Act of 1918 13
Defendant's contention unsound 15
It would thwart the policy of the Act and defeat the intention of Congress 15
For example, multiplicity of actions against United States might result 16
Constitutional argument sustains Petitioner's contentions as to Act of 1918. 16
Also the provisos on the face of the Act. 17

POINT C. U. S. R. S. 3477 not applicable to assignments of claims for past infringements of patents by the United States. 18–24
Contrary *obiter dictum* of *Brothers* v. *United States*, 250 U. S. 88, should be reconsidered 18
Assignments of patents and the incidents thereof are governed by U. S. R. S. 4898 and not by U. S. R. S. 3477. 19
Acts of 1910 and 1918 are remedial and so should be liberally construed 19
Patent property peculiar and the creature of statute law, as well as rules for its transfer and the transfer of its incidents. *Crown Die Co.* v. *Nye Tool Co.*, 261 U. S. 24, considered 20
Specific rather than general laws govern 23
No public interest jeopardized or involved in limiting U. S. R. S. 3477 so as not to apply to assignments of patents or of claims for the infringement of patents 23

PAGE

II. Patent in suit found valid and infringed by Court of Claims and covers an epoch-making invention..... 24–27

III. Petitioner entitled to recover $103,480 and interest..... 28–36

Savings by the infringements total $103,480 and are recoverable as the equivalent or substitute for legal damages under authority of this Court. 28

Petitioner entitled to recover that sum

(1) True, if U. S. R. S. 3477 has no application..... 31

(2) True even if U. S. R. S. 3477 limits Petitioner to recovery for use after March 7, 1921..... 32

Such use was usufruct of installation tort and $103,480 was saved in that use as compared with the cost of use of an equal number of prior art beams..... 32

For example, immunity from injunction saved Respondent replacement costs..... 33

(3) Even if U. S. R. S. 3477 relieves United States from liability to Petitioner for its own separate infringements prior to March 7, 1921, that Section has no effect to relieve the United States from liability for the damage that would have been recoverable from the contractors but for the Act of 1918..... 33

PAGE

(*a*) Use by United States after March 7, 1921, clinches its liability for the full saving on installation... 33

(*b*) $103,480 would have been recoverable by patentee from contractors (but for Act of 1918) either as saving made by them or by United States.... 33

They and the United States were joint tort feasors 34

Law of several liability of joint tort feasors. 34

Assignability of that claim against contractors 35

What is the effect of the Act of 1918 upon that assignability in view of U. S. R. S. 3477 36

IV. An additional compensation should be awarded equal to interest on $103,480, from Jan. 1, 1919, on analogy of "just compensation" cases in this Court under the 5th Amendment to the Constitution..... 37–40

V. Finding as to established license fee for those who took licenses..... 41

VI. Conclusion 42

TABLE OF CASES.

	Page
Atlantic & Pacific Ry. Co. v. Laird, 164 U. S. 393	33
Barnes v. Alexander, 232 U. S. 117	19
Beaconsfield, The, 158 U. S. 303	34
Beidler v. United States, 253 U. S. 447	1
Bliss v. United States, 253 U. S. 187	1, 10
Brooks-Scanlon Corp. v. United States, 265 U. S. 106, 123	37, 39
Brothers v. United States, 250 U. S. 88	3, 18, 19
Cawood Patent, 94 U. S. 695	30, 31
Clay v. Waters, 161 Fed. 815	33
Congressional Record, 65th Congress, Second Session, Proceedings June 18, 1918, p. 7961, 296 Fed. 721	15
Coupe v. Royer, 155 U. S. 565	30
Cramp v. International Curtis Co., 246 U. S. 28	6, 13
Crown Die & Tool Co. v. Nye Machine Works, 261 U. S. 24	20, 21, 22
Crozier v. Krupp Aktiengesellschaft, 224 U. S. 290	6
Elizabeth v. Pavement Co., 97 U. S. 126, 138, 139	30
Gayler v. Wilder, 10 How. 477, 494	21
Gordon v. Anthony, 16 Blatchf. 234	21
Grigsby v. Russell, 222 U. S. 149	19
Logan v. Davis, 233 U. S. 613	20
Lovejoy v. Murray, 70 U. S. (3 Wall.) 1	34
Marconi Wireless Tel. Co. v. Simon, 246 U. S. 16	6
227 Fed. 906	6
231 Fed. 1021	6
Mast, Foos & Co. v. Stover, 177 U. S. 485	19
Mevs. v. Conover, 125 U. S. 144, marginal note	30, 31
Miller v. Robertson, 266 U. S. 243, 258	12, 36, 37
Mowry v. Whitney, 81 U. S. (14 Wall.) 620, 653	29
Phelps v. United States, U. S. Adv. Ops. June 1, 1927, p. 694	17, 37, 38
Phoenix Ins. Co. v. The Atlas, 93 U. S. 302, 315	34

PAGE

Root *v.* Railway Co., 105 U. S. 189, 202, 203..... 30

Seaboard Air Line Ry. Co. *v.* United States, 261 U. S. 299, 306 ..... 37, 39
Sessions *v.* Johnson, 95 U. S. 347..... 34
Sperry *v.* Arma Engineering Co., 271 U. S. 232..... 7, 11
Standard Oil Co. *v.* United States, 267 U. S. 76..... 10
Starr Piano Co. *v.* Auto Pneumatic Co., 12 Fed. (2nd) 586 38

Thomson *v.* Wooster, 114 U. S. 104..... 30
Tilghman *v.* Proctor, 125 U. S. 136.....30, 40, 41
Townsend *v.* Little, 109 U. S. 504, 512..... 23

United States *v.* Benedict, 261 U. S. 294..... 37, 39
United States *v.* Brown, 263 U. S. 78..... 37
United States *v.* Corbett, 215 U. S. 233..... 19
United States *v.* Sargent, 162 Fed. 81, 84..... 39

Washington *v.* Miller, 235 U. S. 422..... 23
Wood *v.* Atlantic Co., 296 Fed. 718, 720, 721..... 14

TEXT BOOKS.

Robinson on Patents, Vol. 3, p. 122, § 937..... 21
Robinson on Patents, Vol. 3, p. 528, § 1154..... 41

STATUTES.

U. S. C. Title 31, Sec. 203 (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp Stat Sec. 6383) 1, 44
U. S. C. Title 35, Sec. 47 (Mar. 3, 1897, c. 391, § 5, 29 Stat. 692; Feb. 18, 1922, c. 58, § 6, 42 Stat. 391; U. S. R. S. Sec. 4898; U. S. Comp. Stat. Sec. 9444) 2, 45
U. S. C. Title 35, Sec. 68 (Act of June 25, 1910, c. 423, 36 Stat. 851; U. S. Comp. Stat. Sec. 9465)..... 2, 43
U. S. C. Title 35, Sec. 68 (Act of June 25, 1910, amended July 1, 1918, c. 114, 40 Stat. 705; U. S. Comp. Stat. Sec. 9465)..... 1, 44

Supreme Court of the United States.

OCTOBER TERM, 1927.

No. 99.

RICHMOND SCREW ANCHOR CO., INC.,
Petitioner-Plaintiff,

vs.

THE UNITED STATES,
Respondent-Defendant.

On Writ of Certiorari to the Court of Claims.

BRIEF FOR PETITIONER.

The grounds of jurisdiction are these:

1. The date of the judgment to be reviewed was May 3, 1926 (R. 25).

2. The judgment was rendered by the Court of Claims in a suit brought under U. S. C. Title 35, Sec. 68 (Act of June 25, 1910, amended July 1, 1918, c. 114, 40 Stat. 705; U. S. Comp. Stat. Sec. 9465) for infringement of Letters Patent and the Petition was dismissed by that court on the ground of failure of plaintiff's title under U. S. C. Title 31, Sec. 203 (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp. Stat. Sec. 6383).

3. The statute under which jurisdiction is invoked is U. S. C. Title 28, Sec. 347 (Act of Feb. 13, 1925, c. 229, § 1, 43 Stat. 938, amending Sec. 240(*a*) of the Judicial Code; Mar. 3, 1911, c. 231, § 240, 36 Stat. 1157; U. S. Comp. Stat. Sec. 1217). The Petition for Writ of Certiorari and Brief in support thereof were filed and served on July 30, 1926, and the order granting the Petition was filed October 25, 1926.

4. The cases believed to sustain the jurisdiction are those arising under the patent laws such as

Beidler v. *United States*, 253 U. S. 447;
Bliss v. *United States*, 253 U. S. 187.

Statement of the Case.

This is a suit for infringement by the United States of Letters Patent No. 1,228,120 to Melchior Lenke, May 29, 1917, for Cargo Beam and is brought under U. S. C. Title 35, Sec. 68 (Act of June 25, 1910, amended July 1, 1918, c. 114, 40 Stat. 705; U. C. Comp. Stat. Sec. 9465), and the true intent and meaning of that Act is involved and the meaning and application of U. S. C. Title 31, Sec. 203 (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp. Stat. Sec. 6383), declaring transfers and assignments of claims upon the United States absolutely null and void, and also the application of U. S. C. Title 35, Sec. 47 (Mar. 3, 1897, c. 391, § 5, 29 Stat. 692; Feb. 18, 1922, c. 58, § 6, 42 Stat. 391; U. S. R. S. Sec. 4898; U. S. Comp. Stat. Sec. 9444).

In an Appendix at the end of this brief will be found these statutes and also the Act of June 25, 1910, and as it was amended by the Act of July 1, 1918 (*infra*, p. 42).

The patent issued on May 29, 1917 to Melchior Lenke for a structure constituting a cargo beam and its support. The Court of Claims found the patent valid and infringed.

The inventive idea was to so construct the horizontal cargo beam that when loaded it would swing about a horizontal axis and into the resultant plane of the load stresses whereby its metal is 100% efficient in all positions. This saved 2000 pounds of metal per beam. The Court of Claims found the market price of the metal as 6½ cents per pound. This comes to $130 per beam and $105,300 for 810 beams—but owing to a smaller saving in a few cases $103,480 was found by the Court of Claims to be the total saving.

On January 1, 1919, 810 of the patented structures were manufactured for and delivered to the United States by contractors and were thereafter and have been since that time used by the United States.

On September 29, 1920, Lenke assigned the Letters Patent to Thomas E. Chappell, and on March 7, 1921, said

Chappell in turn assigned the Letters Patent to the Petitioner, together with the right to recover for all past infringements.

The Court of Claims held that the only infringement by the United States occurred at the time of the installation (January 1, 1919) and not afterward, and that, as Petitioner was not owner of the patent then but a subsequent assignee, Petitioner's title, under U. S. R. S. 3477 and *Brothers* v. *United States*, 250 U. S. 88, failed, and it dismissed the Petition.

Our contentions are:

1. That it was error to dismiss the Petition—

(*a*) Because of the *use* of 810 of the patented structures *by the United States after March 7, 1921*, when Petitioner acquired title to the patent; for the Act of 1918 did not give the United States a license to use after the manufacture and delivery of the 810 infringing cargo beams to it by the contractors on January 1, 1919, and so that use by the United States after March 7, 1921, was an infringement of the patent, and that use, in and of itself and without more, supports the Petition and entitles Petitioner to a money recovery under the findings of fact made by the Court of Claims; and further

(*b*) Because of the *manufacture* of 810 of the patented structures *by the contractors for the United States on January 1, 1919*; for that manufacture and sale was an infringement of the patent by the contractors, the right to recover for which was assignable under the patent statutes as an incident of the assignment of the patent, and by the Act of 1918 responsibility for the reasonable and entire compensation for that infringement by the contractors was placed upon and assumed by the United States (which presumably would include the incident of the assignability of the claim) and was made recoverable in the Court of Claims from the United States; and that infringement by the contractors, in and

of itself and without more, supports the Petition and entitles Petitioner to a money recovery under the findings of fact made by the Court of Claims; and further

(c) Because more generally U. S. R. S. 3477 is not applicable to any branch of the claim against the United States for infringement prior to March 7, 1921, either as a joint tort feasor with the contractors in the manufacture for it of the 810 infringing cargo beams, on January 1, 1919, or as the user of those 810 cargo beams from January 1, 1919, to March 7, 1921; for the assignability of those branches of the claim is determined by the patent statutes, U. S. R. S. 4898, as an incident of the assignability of the patent itself, and to that extent and in that respect U. S. R. S. 3477 is inapplicable and without effect on Petitioner's title.

II. That under the findings of fact made by the Court of Claims the Lenke patent in suit No. 1,228,120 for Cargo Beam, May 29, 1917, is valid and was infringed by the making and selling and using of the 810 cargo beams referred to.

III. That under the findings of fact made by the Court of Claims, the Petitioner is entitled to recover from the United States:

(a) the capital saving realized by the adoption of the 810 patented cargo beams as compared with the best available cargo beams of the prior art, namely, $103,480, and

(b) interest on that capital sum year by year from January 1, 1919, to date of final decree.

ARGUMENT.

I. It was error for the Court of Claims to dismiss the Petition.

A. Because of the use of the patented structure made by the United States after Petitioner's ownership of the patent began.

B. Because of the assignability under the law of the claim of the then owner of the patent against the contractors for compensation for the manufacture of the patented structures by them for the United States on January 1, 1919, and the substitution of the United States for the contractors by the Act of 1918 in liability for the reasonable and entire compensation for that infringement, and

C. Because of the non-applicability of U. S. R. S. 3477 under the circumstances of the case at bar to any part of the present claim against the United States and the applicability of U. S. R. S. 4898 to every part of that claim.

POINT A.

"Use by" the United States after March 7, 1921, when Petitioner's ownership of the patent began was in itself an infringement of the patent and without more supports the Petition and entitles the Petitioner to recovery under the findings of fact made by the Court of Claims.

The Court of Claims said in its second opinion, after analyzing the nature of the invention (R. 23):

> "Therefore, when the intended design of the patentee is accomplished, when use of the patent device occurs, it must necessarily be when the beam is installed."

This was clear error, *unless the Act of 1918 gave a license to the United States to use* from the date of the installation on to the end of the term of the patent.

For it treats the invention and the claims of the patent as if they were for a method or process of constructing a cargo beam, whereas they are for the finished cargo beam structure itself. The sole right of installing (*i. e.*, of manufacturing and selling) finished cargo beam structures is only a part of the monopoly granted by the patent. That monopoly includes also the sole right to use the installed cargo beam structures throughout the term of the patent.

Use of the patented structure by the United States after Petitioner's ownership of the patent began invaded the monopoly of the patent and trespassed upon the Petitioner's rights thereunder and for this trespass suit clearly lies in the Court of Claims under the Act of 1918, unless something in that Act licensed that use under the circumstances of the present case.

Counsel for the United States argued the theory of license to the Court of Claims and the Court of Claims in dismissing the Petition apparently must have assumed that theory.

But this Court has held that under the similar Act of 1910 there did not arise a license in favor of the United States to use patent rights. This holding was made in *Crump* v. *International Co.*, 246 U. S. 28, and was applied in *Marconi Wireless Tel. Co.* v. *Simon*, 246 U. S. 46.

Prior to those decisions the district courts and circuit courts of appeals (*e. g.*, in *Marconi Wireless Tel. Co.* v. *Simon*, 227 Fed. 906, and 231 Fed. 1021, and in other cases) had considered the Act of 1910 in connection with the decision of this Court in *Crozier* v. *Fried, Krupp, Aktiengesellschaft*, 224 U. S. 290, and the district court as was said by the Supreme Court in the *Marconi* case had held that from such consideration "it resulted that there existed in favor of the United States a general license to use patent rights when necessary for its governmental purposes," and thereafter the Circuit Court of Appeals for the Second Circuit affirmed this decision "upon the theory of the license resulting from the Act of 1910 in accordance with the views which had been expressed by the trial court."

But this Court has repudiated this view of the Act of 1910 as stated.

Is the Act of 1918 any different in this regard from the Act of 1910? We believe that it is not.

The Act of 1918 differs from the Act of 1910 in the following more important particulars:

1. It extends the scope of the act from inventions "used by the United States without license of the owner" of the patent, to inventions "used or manufactured by or for the United States without license of the owner."

2. It changes the optional remedy (the "owner may recover"), to an apparently exclusive remedy (the "owner's remedy shall be").

3. It changes the recovery from "reasonable compensation for such use," to "reasonable and entire compensation for such use and manufacture."

There is nothing, we submit, in these differences, or in any of them, to justify the Court of Claims in construing the Act of 1918 on a theory of license that was rejected by this Court in construing the Act of 1910.

This Court said in *Sperry* v. *Arma Engineering Co.*, 271 U. S. 232, as to the Act of 1918 that

> "The true intent and meaning of the statute is not free from doubt;"

but certainly there is nothing in that Act of 1918 which shows any clear purpose to change the Act of 1910 in the matter of general license to use patent rights for governmental purposes that is under discussion.

If in the case at bar the United States had by agreement obtained a license under the patent from the original owner, or if the original owner had sued and obtained a judgment in the Court of Claims for reasonable compensation for the installation and use of the invention throughout the life of the patent and the judgment had been satisfied, the petitioner might not have had any claim for the use by the United States after March 7, 1921. But nothing of this kind having

occurred, each day's use of the invention after March 7, 1921, was a new and additional tort for which the United States is liable directly to the Petitioner for compensation, under the Act of 1918 and this the Court of Claims should have recognized and because of it alone should have upheld the Petition.

Brief for the United States in opposition to the Petition for Writ of Certiorari herein said (p. 9) that there is no use of the invention proven by the United States during the period of Petitioner's ownership of the patent.

This is error.

The Court of Claims (R. 12 and 13) found as a fact

"VIII.

"During and since the year 1918 cargo beams of the kind and character illustrated and described in the drawings and specifications of the said Lenke letters patent and claimed in the claims of said letters patent have been in use by the United States at its army base at Brooklyn, N. Y., without * * * etc."

The above was among the findings of fact that were entered June 4, 1923. "During and since the year 1918 cargo beams * * * have been in use by the United States * * *" means in use at least up to June 4, 1923, the date of the finding.

And again (R. 12):

"Since the patenting and introduction of the cargo beam of the said Lenke letters patent said cargo beam has come largely into use, and in new construction and installation of cargo beams it has largely supplanted all other kinds or types of cargo beams."

And again (R. 21):

"I.

"The United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent, as follows:

Army Base, South Brooklyn	366
Army Base, Norfolk, Va	256
Navy Base, Charleston, S. C	88
Army Base, New Orleans, La	100".

And again (R. 21):

"IV.

* * * * * *

"The United States installed the Lenke beams by contract with third parties. The beams were installed for the exclusive use of the United States. * * * They were used by the United States for Government purposes. * * *"

POINT B.

Manufacture of the patented structure by the contractors for the United States on January 1, 1919, prior to Petitioner's ownership of the patent, was an infringement of the patent by the contractors, the right to recover for which was assignable along with the ownership of the patent under U. S. R. S. 4898, and the right to recover from the United States the reasonable and entire compensation for that infringement by the contractors was given to the then owner of the patent by the Act of 1918 and this was assignable along with the ownership of the patent and as an incident of that ownership under U. S. R. S. 4898 and in spite of U. S. R. S. 3477, and without more supports the Petition and entitles Petitioner to a recovery under the findings of fact made by the Court of Claims.

The Court of Claims found (R. 12):

"VI.

"On or about September 29, 1920, the said Lenke letters patent were assigned by Lenke to one Thomas E. Chappell who, in turn, on or about March 7, 1921, assigned them to the plaintiff company.

"Each of said assignments of said letters patent contained a provision that the assignee should have 'all rights of action for past infringement of said patent, and all rights to recoveries for damages, profits and royalties for said infringements of every kind whatsoever.'"

Petitioner thus having such an interest in the patent as, without the Act of 1918, would have supported an infringement suit by it against the contractors for manufacturing

the 810 infringing cargo beams for the United States, has under the Act of 1918, upon the reasoning and implications of the decision of this Court in *E. W. Bliss Co.* v. *United States*, 253 U. S. 187, under the similar Act of 1910, such an interest as supports its Petition against the United States for the reasonable and entire compensation for that infringement of the contractors.

In *E. W. Bliss Co.* v. *United States* (*supra*), this Court held that the title of the plaintiff there was "a mere license, not sufficient to sustain a suit for infringement", saying:

> "Giving to this statute, as we do, the liberal interpretation placed upon it in Crozier v. Krupp Aktiengesellschaft, 224 U. S. 290, 56 L. Ed. 771, 32 Sup. Ct. Rep. 488, and in William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co., 246 U. S. 28, 62 L. Ed. 560, 38 Sup. Ct. Rep. 271, the 'owner' who may maintain an infringement suit against the government must have at least such an interest in the patent as, without the statute, would support such a suit against a defendant other than the United States."

A natural and reasonable corollary of this would be, that if the interest in the patent were sufficient, without the statute in question (the Act of 1910), to support a suit against a defendant other than the United States, it would under the statute support a suit in the Court of Claims against the United States, and by parity of reasoning applied to the corresponding Act of 1918 if the interest in the patent was sufficient without that Act to support a suit against the contractors manufacturing for the United States, it will support a suit under that Act of 1918 in the Court of Claims against the United States for the reasonable and entire compensation for the infringement of the contractors.

Again on the reasoning of this Court in *Standard Oil Co.* v. *United States*, 267 U. S. 76, it may apparently be assumed that by the Act of 1918 the United States assented to the assignability of such a claim as Petitioner here presents for compensation for the infringing acts of the contractors as an ordinary incident of the ownership of the patent and of its assignability under U. S. R. S. 4898. In *Standard Oil Co.* v.

United States (*supra*) the United States had under an Act of September 2, 1914, issued a policy of marine insurance and some question arising as to the allowance of interest, this Court said:

> "When the United States went into the insurance business, issued policies in familiar form, and provided that, in case of disagreement, it might be sued, it must be assumed to have accepted the ordinary incidents of suits in such business."

The Act of 1918 clearly includes compensation, and the "reasonable and entire compensation", for the manufacture of the 810 infringing cargo beams by the contractors for the United States because that is explicitly included in the terms of the Act, and the assignability of the claim against the contractors for that compensation was an incident of that sort of a claim against an individual and the United States when it went into the business of protecting contractors manufacturing for it must be assumed to have accepted that sort of an incident.

Again this Court in *Sperry Gyroscope Co.* v. *Arma Co.*, 271 U. S. 232, has held that the district courts have jurisdiction to determine, as a question going to the merits, in a suit against a contractor, whether he "was relieved of liability and permitted by the statute [Act of 1918] to do what otherwise would have constituted a violation" of the rights of the owner of the patent.

To construe the Act of 1918 as relieving the contractors from all liability to the then owner of the patent *or to his assignee* and substituting therefor a liability of the United States to the then owner of the patent only and (under U. S. R. S. 3477) *not to his assignee*, would appear to be taking private property for public use without due process of law or just compensation, and certainly would not give the owner of the patent an *additional remedy* as the Act of 1918 purports to do, but *a substantially curtailed remedy*. It is certainly not clear that the Act of 1918 intended this curtailment of remedy. A construction of the Act of 1918 in this regard which preserves all the rights of the owner of the pat-

ent, rather than substantially curtails those rights and remedies, is clearly indicated and is enforced by familiar canons of construction.

Petitioner's claim, insofar as it is based upon manufacture by contractors for the United States, is essentially a *claim against the contractors* with all the legal incidents of such a claim, including assignability in connection with assignment of the patent, and it would not seem to have been the intention of Congress by the Act of 1918 to change such a claim in its essential character. By that Act of 1918, Congress provided that, in the case of infringing "manufacture for" the United States, the "owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such * * * manufacture."

It was said by this Court in another but analogous connection in *Miller* v. *Robertson*, 266 U. S. 243, 257:

> "While the suit, as held in Banco Mexicano De Comercio e Industria v. Deutsche Bank, 263 U. S. 591, 602, 68 L. ed. 465, 469, (affirming 53 App. D. C. 266, 289 Fed. 924), is one against the United States, the claim was not against it".

So here, while, insofar as concerns the contractors' infringing acts, the suit is, by virtue of the Act of 1918, one against the United States, the claim was not against it. The claim was against the contractors and its incident of assignability was established by U. S. R. S. 4898 and by the decisions of this Court thereunder. The Act of 1918 changed the defendant and the forum but, we submit, it did not change the nature or the incidents of the claim.

In view of the explicit terms of the Act of 1918, counsel for the United States will hardly argue or admit that the assignment to Petitioner, insofar as concerns liability for the infringing acts of the contractors in manufacturing for the United States, is void under U. S. R. S. 3477 as against the United States but good under U. S. R. S. 4898 as against the contractors themselves, and therefore that there still remains today in Petitioner, as assignee of the patentee, the right to

collect from the contractors themselves individually all the gains, savings and profits realized in their infringing manufacture for, and infringing sale to, the United States, and all the damage caused to the patentee thereby; and yet this is the logical result, and the necessary legal consequence, of the decision of the Court of Claims in dismissing the Petition, else property has been taken for public use without due process of law and without just compensation.

Brief for the United States in opposition to the petition for writ of certiorari admitted (p. 10) in discussing the claim against the United States for the infringement by the contractors that the theory of implied repeal of U. S. R. S. 3477 by the Act of 1918 "is rather unusual" and without citing authorities on that question argued that such implied repeal is neither indicated nor necessary to carry out the legislative intent (p. 11).

On the contrary, the history of the Act of 1918 shows clearly, we submit, the legislative intent absolutely to relieve the contractor from all liability of every kind and nature and from all apprehension of liability and to do this by substituting the liability of the United States for the reasonable and entire compensation for such manufacture by the contractor without curtailment of any kind and without leaving to possible future assignees of the owner good and valid claims against the contractor. The theory that Congress intended to protect the contractor against the then owner of the patent but not against any subsequent assignee of the owner's claim against the contractor is not persuasive or reasonable.

The Act of 1918 grew out of the decision of this Court rendered March 4, 1918, in *William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co.*, 246 U. S. 28. This Court had held in that case that the Act of 1910 did not license the United States or the contractors to infringe a patent and that the contractors could be sued for an injunction and accounting in spite of that Act.

On April 20th, 1918, Franklin D. Roosevelt, Acting Secretary of the Navy, the country being then at war, wrote Secre-

tor Tillman (as appears in the case of *Wood* v. *Atlantic Co.*, 296 Fed. 718, 729) that the Department is

> "'confronted with a difficult situation as the result of a recent decision by the Supreme Court affecting the government's rights as to the manufacture and use of patented inventions, and it seems necessary that amendment be made of the Act of June 25, 1910 * * * the decision is, in effect, so far as it is of importance here, that a contractor for the manufacture of a patented article for the government is not exempt, unless he is only a contributory infringer, from injunction and other interference through litigation by the patentee.
>
> "'A prior decision of the Supreme Court, that in the case of Crozier *vs.* Krupp, had been interpreted as having the opposite meaning, and the department was able up to the time of the later decision, on March 4 last, to proceed satisfactorily with the procuring of such patented articles as it needed, leaving the matter of compensation to patentees for adjustment by direct agreement, or, if necessary, by resort to the Court of Claims under the above mentioned act of 1910. Now, however, manufacturers are exposed to expensive litigation, involving the possibilities of prohibitive injunction payment of royalties, rendering of accounts, and payment of punitive damages, and they are reluctant to take contracts that may bring such severe consequences. The situation promises serious disadvantage to the public interests, and in order that vital activities of this department may not be restricted unduly at this time, and also with a view of enabling dissatisfied patentees to obtain just and adequate compensation in all cases conformably to the declared purpose of said act, I have the honor to request that the act be amended by the insertion of a proper provision therefor in the pending naval appropriation bill."

It was in response to this war time request of the Navy Department that the Act of 1918, amending the Act of 1910, was adopted.

A similar statement of the reasons for the amendment of the Act of 1910 and the immediate urgency of the matter in order to relieve the apprehension of private contractors was made in the House of Representatives by the member having the bill in charge (see *Wood* v. *Atlantic Co.*, 296 Fed. 721, and

Congressional Record, 65th Congress, Second Session, Proceedings of June 18, 1918, p. 7961).

It could not be made clearer that the very purpose of the Act of 1918 was absolutely to relieve the contractor from all liability of every kind and nature for infringement of patents in manufacturing for the Government and to limit the owner of the patent and his assignees and all claiming through or under him to "suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture" and to utterly and entirely relieve the contractor from liability to anybody at any time of any kind for his infringement.

To argue that Congress had U. S. R. S. 3477 in mind and intended by the Act of 1918 to protect the contractor only from the then "owner" of the patent and not from the assignee of that owner as to the claim against the contractor, is not reasonable.

Whether or not there was a contractor we submit that the construction which the Respondent seeks to place upon the Act of 1918 would thwart the policy of the Act and defeat the intention of Congress. Manifestly,

(1) The owner of the patent has the right to assign it.

(2) The Act of 1918 does not constitute the United States a licensee.

(3) Hence, the owner of the patent may recover for an infringing use by the United States.

(4) The continued unlicensed use by the United States, after the original owner has assigned the patent, is an infringement of the patent right for which the United States, not being a licensee, is liable and the assignee of the patent may bring suit to enforce that liability.

It follows that if the original owner cannot assign, with the patent, the claim for past infringement, that is, if the assignment of such a claim is to be deemed void, and if the original owner prior to the assignment had not brought suit against the United States, the United States after the assign-

ment would be subject to two actions,—one by the former owner for infringement up to the time of the assignment and another by the assignee for infringement after the assignment.

This is not the intent of the Act of 1918 which provides for recovery by the owner "of his reasonable and entire compensation for such use and manufacture". How can one reconcile the domination of U. S. R. S. 3477 over the Act of 1918 with the intention of Congress as made manifest both by the history and by the terms of that Act? The only way to give effect to the policy of the Act of 1918 is to hold that the owner at the time of suit against the United States is entitled to recover the entire compensation for the infringing use and manufacture and that this right by force of the statutes is incident to the patent right and assignable with the patent.

Reasoning along constitutional lines leads to the same conclusion.

On May 29, 1917 the patent in suit was granted to Lenke and vested in him certain rights among which were:

(1) The exclusive right to use his patented cargo boom for seventeen years.

(2) The right to sue and recover from all infringers including a contractor building for the United States and, under the Act of 1910, the United States itself.

(3) The right to freely assign his said letters patent, as to the Petitioner, together with his right to sue and recover for all past infringements.

On July 1, 1918, while this patent was in full force and effect, the Act of 1918 was passed, relieving the contractor from all liability for infringement by manufacturing for the United States and placing upon the United States liability for the entire compensation for such infringement to the contractor. If the complete liability of the United States is the same in all respects as that of the contractor would have been, the grant is not impaired and the transfer of the patent under U. S. R. S. 4898 together with all rights of

action for past infringements transfers the right of action against the United States for the infringement of the contractor and vests it in the new owner. The new owner cannot object to this as he loses nothing, for while there is a change of forum for enforcing the right and a change in the responsible defendant, there is no substantial change in the right itself or in the incidents of the right. If this liability of the United States under the Act of 1918 was by operation of U. S. R. S. 3477 reduced to nothing when the assignment of the patent and of the claims for past infringements was made, then the property rights of the owner of the Lemke patent in suit were impaired by the Act of 1918 and private property was taken for public use without just compensation, contrary to the fifth amendment to the Constitution of the United States.

When this Court can construe an act (as for example the Act of 1918) in either of two ways, one of which makes it constitutional and the other unconstitutional, it will construe the act so as to make it constitutional. This Court said:

> "Acts of Congress are to be construed and applied in harmony with and not to thwart the purpose of the Constitution"

in *Phelps v. United States*, U. S. Adv. Ops., June 1, 1927, page 676. When the Act of 1918 is so construed, all the causes of action which were vested in Lemke, became, by the assignment of March 7, 1921, vested in Petitioner.

Referring to the language of the Act of 1918, there is one class of assignees of patentees that is excluded from the benefits of the statute in explicit terms.

The Act of 1918 says:

> "* * * *And Provided further*, That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States or the assignee of any such patentee. * * *"

Why exclude from the benefits of the Act the assignee of any patentee who at the time he makes the claim for past

infringement by the United States is in the employment or service of the Government of the United States, if all assignees are excluded by U. S. R. S. 3477? The explicit exclusion of a certain class of assignees would seem to imply the inclusion of all other classes.

Again referring to the language of the Act, the defenses which by its express terms the United States is permitted to avail itself of are stated and they do not include U. S. R. S. 3477. The language of the Act in that regard is:

> "* * * *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise."

POINT C.

U. S. R. S. 3477 is not applicable to any branch of the claim against the United States for infringement prior to March 7, 1921, either as a joint tort feasor with the contractors in the manufacture for the United States and the sale to it of the 810 infringing cargo beams, on Jan. 1, 1919, or as the user of those 810 cargo beams from Jan. 1, 1919 to March 7, 1921; for the assignability of that branch of the claim is determined by the patent statutes, U. S. R. S. 4898, as an incident of the assignability of the patent itself, and to that extent and in that respect U. S. R. S. 3477 is inapplicable and without effect on any part of Petitioner's title.

The Court of Claims in the instant case cited the decision of this Court in *Brothers* v. *United States*, 258 U. S. 88, to the contrary of the above proposition and dismissed the petition on the basis of that decision (R. 24, 22).

The so-called decision in *Brothers* v. *United States* was an *obiter dictum* of Mr. Justice Pitney and we respectfully submit that it was error and we ask reconsideration.

In *Brothers* v. *United States*, decided May 19, 1919, the petition of Brothers was dismissed on the ground that there had been no infringement whatever of the patent and therefore the question of the extent and amount of the claim and the period that it could properly cover if there had been infringement, did not arise. Mr. Justice Pitney merely said in the course of the statement as to the facts in the case

> "Subsequently the letters patent were assigned to claimant, under date October 2, 1912, two and one-half months prior to their expiration by limitation on December 17, 1912. His claim to compensation is necessarily limited to this brief period, since there could be no assignment to him of any unliquidated claim against the government arising prior to the time he became the owner of the patent. Rev. Stat. § 3477, Comp. Stat. 1916, § 6383."

The opinion in that case fills several pages of the report and deals only with the issue of infringement.

We assume therefore that the Court will regard as an original question the meaning of the statutes U. S. R. S. 3477 and 4898 and the Act of 1918 in the particulars now raises and controverted, following its well established practice as in *United States* v. *Corbett*, 215 U. S. 233; *Grigsby* v. *Russell*, 222 U. S. 149; *Barnes* v. *Alexander*, 232 U. S. 117; *Mast Foos & Co.* v. *Stover*, 177 U. S. 485.

We submit that the assignability of a patent and of a claim for profits and damages for past infringements of the patent, whether by the United States or by others, is governed by U. S. R. S. 4898 of the Patent Statutes, and that when the United States is sued in the Court of Claims under the Act of 1918, the assignee of the patentee and of the right to sue and recover for past infringements of the patent, including infringements by the United States and by contractors manufacturing for the United States, may sue in the Court of Claims under that Act of 1918 both for the present infringement and for the past infringements, irrespective of U. S. R. S. 3477.

The Acts of 1910 and 1918 are remedial and should be liberally construed to secure the results desired by Congress.

See *Logan* v. *Davis*, 233 U. S. 613, where this Court said:

> "Further, it must be borne in mind that this is a remedial statute, and is to be construed liberally, and so as to effectuate the purpose of Congress and secure the relief which was designed * * *".

U. S. R. S. 3477 condemning as "absolutely null and void all transfers and assignments made of any claim upon the United States" refers, we submit, to claims in the nature of a chose in action at common law, and that an assignment of Letters Patent together with all claims for profits and damages for past infringements, including past infringements by the United States and others, is not a transfer or an assignment of anything in the nature of a chose in action at common law and so is not within the purview and meaning of U. S. R. S. 3477.

This Court said in *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U. S. 24:

> "It is said that the claim of an owner of a patent for damages for infringements is only a chose in action, which, in modern days, may be so assigned that the assignee acquires full title and the right to sue at law as well as in equity, without joining his assignor. *This view ignores the peculiar character of patent property and the recognized rules for the transfer of its ownership and its incidents.* Patent property is the creature of statute law, *and its incidents are equally so*, and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment." (Italics ours.)

It is to be noted here that the claim of an owner of a patent for damages for past infringements is referred to as one of the "*incidents*" of patent property.

This Court continued:

> "This is shown by the opinion of this court in Waterman v. McKenzie, 138 U. S. 252, 34 L. ed. 923, 11 Sup. Ct. Rep. 334, already cited, and in the line of authorities followed therein. *It is not safe, therefore, in dealing with a transfer of rights under the patent law, to follow implicitly the rules governing a transfer of rights in a chose in action at common law.*" (Italics ours.)

and then quoted from Chief Justice Taney in *Gayler* v. *Wilder*, 10 How. 477, 494:

> "The monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law. * * *"

and from *Robinson on Patents*, Vol. 3, p. 122, § 937, as "clearly and correctly" stating the law as to who should bring a suit at law for damages for infringement of a patent:

> "With a single exception the plaintiff in an action at law must be the person or persons in whom the legal title to the patent resided at the time of the infringement. * * * The exception above referred to arises where an assignment of a patent is coupled with an assignment of a right of action for past infringements. In this case the present owner of the monopoly may institute proceedings for its violation during the ownership of his assignor as well as for infringements committed since the transfer of the title to himself."

This Court later quoted with manifest approval from the decision of Mr. Justice Blatchford in *Gordon* v. *Anthony*, 16 Blatch. 234:

> "A claim to recover profits or damages for past infringement cannot be severed from the title by assignment or grant, so as to give a right of action for such claim, in disregard of the statute. The profits or damages for infringement cannot be sued for except on the basis of title as patentee, or as such assignee or grantee, to the whole or a part of the patent, and not on the basis merely of the assignment of a right to a claim for profits and damages, severed from such title."

Later this Court said:

> "The sole exception to the rule that only he who is the owner of the patent at the time of the infringement can sue for damages, to which Professor Robinson refers, is when such owner assigns the patent, and also the claim for past infringements, to the same person. In such a case, as the title and ownership of the claims are united, it is held that the owner may sue. Dibble v. Augur, 7 Blatchf. 86, Fed. Cas. No. 3,879; Hamilton v. Rollins, 5 Dill. 495, Fed. Cas. No. 5,988; Henry v. Francestown Soapstone Stove Co., 2 Bann. & Ard. 221,

Fed. Cas. No. 6,382; Consolidated Oil Well Packer Co. v. Eaton, C. & B. Co., 12 Fed. 865, 870; Spring v. Domestic Sewing Mach. Co., 13 Fed. 446, 449; Nellis v. Pennock Mfg. Co., 38 Fed. 379. Under this exception, therefore, if the instrument here relied on had been effective to make the plaintiff an assignee or grantee of the patent or 'of any interest therein' within the meaning of § 4898, Rev. Stat. (Comp. Stat. § 9444, 7 Fed. Stat. Anno. 2d ed. p. 249), as amended, then the plaintiff could have maintained this action for damages for infringements prior to the execution of the instrument; but, as we hold, the instrument did not have this effect.

But it is urged that, under Equity Rule 37, every action must be prosecuted in the name of the real party in interest; and, therefore, as the plaintiff is the beneficial owner of the claims for past infringements, it should be permitted to sue in a court of equity. The equity rule was not intended to set aside a policy and rule having its source in the patent statutes, and cannot affect this case. * * * Both at law and in equity, either the owner of the patent at the time of the past infringement, or the subsequent owner of the patent, who is, at the same time, the assignee of the claims for past infringement, must be a party to a suit for damages for the past infringement. If the owner of the patent when the infringements took place has assigned his patent to one, and his claims for damages for infringements to another, then the latter cannot sue at law at all, but must compel his assignor of the claims to sue for him."

On the authority and reasoning of the above decision of this Court in *Crown Dye & Tool Co. v. Nye Tool & Machine Works* (*supra*), we submit that patent property is peculiar property not governed by the common law but wholly the creature of statute law and that the assignability of patent property is likewise the creature of statute law and as well the assignability of its incidents and of any interest in the patent; and we submit further that a claim of an owner of a patent for damages for past infringements including such a claim for infringement by the United States is an incident of the ownership of the patent and is an interest in the patent that is assignable under the patent statutes.

U. S. R. S. 4898 says in part:

> "Every patent or any interest therein shall be assignable in law by an instrument in writing. * * *."

We submit that this expressly includes a claim for past infringements of the United States when the assignment thereof is united with an assignment of the ownership of the patent itself and that this is an explicit exception to U. S. R. S. 3477 that is grafted on the law by the explicit and specific provisions of U. S. R. S. 4898.

Where a specific section of a law is in apparent conflict with a general section, the two should be considered and the context considered and the probable legislative intent, but presumably the specific should prevail over the general.

Townsend v. *Little*, 109 U. S. 504, 512;

Washington v. *Miller*, 235 U. S. 422, 428.

U. S. R. S. 4898 is specific in its relation to patents and interests in patents and incidents of the ownership thereof, while U. S. R. S. 3477 is entirely general; and Sec. 4898 should therefore govern as to claims for past infringements by the United States.

It is a fair construction of U. S. R. S. 3477 that it was not intended to apply and does not apply to patents and to interests in patents and to incidents of the ownership thereof such as claims for past infringements by the United States. We submit that the reasons for the passage by Congress of U. S. R. S. 3477 do not apply to the case of an assignment of a patent together with all claims for past infringements of it including a claim for past infringements by the United States.

There would appear to be no public interests that would suffer if U. S. R. S. 3477 were held inapplicable to the title of Petitioner where as an incident to the assignment of the patent there is an assignment also of all claims for past infringements of the patent and the United States chances to have been an infringer; nor would there appear to be any

public policy involved in so construing and limiting U. S. R. S. 3477, but quite the reverse, particularly in view of U. S. R. S. 4898, and further in view of the Acts of 1910 and 1918 wherein it is provided that the claim in question can be asserted only in the Court of Claims and the interests of the United States and of the public generally are thereby conserved and safeguarded.

We submit that quite irrespective of continuing infringing use by the United States after Petitioner's ownership of the patent began, and quite irrespective of the putting upon the United States by the Act of 1918 of all liability for the infringing acts of the contractors, the title of Petitioner should not be regarded as in any respect subject to U. S. R. S. 3477 but should be held good and sufficient in all its parts; and that it was error for the Court of Claims to dismiss the petition.

II. Under the findings of fact made by the Court of Claims the Lenke Patent in suit No. 1,228,120 for Cargo Beams, May 29, 1917, is valid, and is infringed by the making and selling and using of the 810 cargo beams made for and used by the United States, as described in the record, and was an epoch-making invention which largely supplanted all prior art cargo beams in new construction.

The Court of Claims in its findings of fact entered June 4, 1923, found (R. 11-13):

"V.

"Prior to the granting and issuing of the said Lenke letters patent No. 1,228,120 the type of cargo beam generally in use was a rigid beam, rigidly supported by and between two rigid uprights at or near the entrance to

the sheds or buildings on the piers, for receiving and storing cargo from or for cargo-carrying vessels.

"Since the patenting and introduction of the cargo beam of the said Lenke letters patent said cargo beam has come largely into use, and in new construction and installation of cargo beams it has largely supplanted all other kinds or types of cargo beams."

* * * * * * *

"VIII.

"During and since the year 1918 cargo beams of the kind and character illustrated and described in the drawings and specifications of the said Lenke letters patent, and claimed in the claims of said letters patent, have been in use by the United States at its Army base at Brooklyn, N. Y., without, so far as appears from the record, any authorization by or compensation to the plaintiff or other owner of said letters patent for such use."

And as a conclusion of law held (R. 13):

"Conclusion of Law.

"Upon the foregoing findings of fact the court decides, as a conclusion of law, that the plaintiff is entitled to recover.

"The case is remanded to the general docket with leave to either party to take testimony in conformity with the opinion herein."

The opinion (R. 13-19) discusses the issues of validity (including both novelty and invention) and infringement and particularly discusses the defendant's contention that "Lenke's invention is unpatentable because it embodies nothing more than a natural and normal modification of existing ideas" (R.15).

The opinion says:

"The plaintiff's patent is obviously a combination patent, and in view of the prior art limited to the exact terms of the claims. It is, to say the most for it, quite narrow and, as the history of its course through the Patent Office clearly demonstrates, is limited to an improvement of an existing device in the manner and in connection with conjunctive elements set forth in the

specifications and claims. To this extent, and within this narrow compass, we believe the plaintiff is an inventor. While cargo beams are old, and their use extended, nevertheless the plaintiff did contribute in a novel way a means adaptable to function successfully and accomplish the end with less expense and prolong without doubt the life and efficiency of the device created over the old one. The plaintiff's swinging beam, the vital factor of a cargo beam mechanism, is admittedly an improvement over the old rigid beam and will without doubt retain its efficiency much longer and at a reduced expense to the owner.

"The defendant insists that 'Lenke's invention is unpatentable because it embodies nothing more than a natural and normal modification of existing ideas.' One may see now, after the fact, how decidedly advantageous and how easily the most ordinary person could have modified existing ideas. This is patent to the most casual observer, for Lenke's cargo beam has almost universally superseded the old one. The defendant used it and almost every pier in the country has installed it. If Lenke takes things old in the art and by the introduction of a substitute, an element known to function in a certain way under certain conditions, compels the old device with the substitute element to perform a like service under much more favorable conditions at a much less expense and for a much longer space of time, is he to be denied his claim to invention because anyone could easily have foreseen the result? No one did foresee it and the art itself is not exceedingly old. To those who use a cargo beam, or for the benefit of those who may desire to use one, Lenke's beam offers a solution of the problem at a minimum of cost with a maximum of efficiency. That it is an improvement over the existing device is more than apparent by its extensive use.

"What did Lenke invent? The defendant concedes that Lenke's patent is novel 'in the sense that there is nothing in the prior art exactly like it, * * * and it is useful in the sense that it will support hoisting tackle.' What Lenke was seeking to do was to support hoisting tackle. He observed the old cargo beam made up of two beams, spliced together, permanently attached to the upright posts, splendidly adapted to vertical stress. As

thus reinforced, the double beam would serve as a means toward the end. Lenke saw the possibility of discarding the heavy, expensive beam in the old device, and substituting for it a beam of lighter weight, so fixed in place as to swing into the angle of resistance, perform the identical function, and maintain during the operation the full, maximum tensile strength of the beam itself. It is true he improved an existing idea, but in so doing he brought into being a new, improved idea, never before suggesting itself to those skilled in the art, a swinging cargo beam. To this he addresses his claims, and to this extent we believe his idea possesses novelty. Because his patent is narrow and his contribution to the art limited is not sufficient to invalidate his claims. The Patent Office so construed his claims, and he was content with such a construction. Lenke devised a combination of elements not theretofore in the art, made no more pretentious claims, and is expressly limited thereto. * * * The case will be remanded to the general docket for further proceedings respecting the issue of damages. * * *"

Further proceedings were thereupon had in the general nature of accounting proceedings, and on Dec. 7, 1925, the Court of Claims filed additional findings of fact, conclusion of law and opinion and judgment (R. 20-25), setting aside the former judgment and dismissing the petition on the ground of failure of plaintiff's title under U. S. R. S. 3477.

However, the additional findings of fact (R. 21, 22) deal with the accounting questions and will be considered in our next chapter.

The issue of patentable invention, as we have pointed out, had been considered on the merits and determined in favor of Petitioner in a reasoned and persuasive opinion, and it has support in the record and ample support and is in accordance with the evidence.

III. Under the findings of fact made by the Court of Claims, the Petitioner is entitled to a substantial money recovery from the United States which shall cover and include the capital saving realized by the contractors and the United States by the adoption for use of the 810 patented cargo beams as compared with the best available cargo beams of the prior art, namely, $103,480, and interest on that sum from January 1, 1919.

The Court of Claims in its additional findings of fact entered Dec. 7, 1925 (R. 21-22) found:

"I

The United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent, as follows:

Army base, South Brooklyn	366
Army base, Norfolk, Va	256
Navy base, Charleston, S. C	88
Army base, New Orleans, La	100
Total	810

* * * * * * *

"The use of the Lenke cargo beam by the United States instead of the cargo beams theretofore installed and used resulted in a saving of 2,000 pounds of metal per beam. The market price per pound of the kind of metal employed in the construction of cargo beams was 6½ cents per pound, thus enabling the United States to save in the expense of installation the difference in weight between the old beams used and the Lenke beam, viz., the difference between 3,300 pounds and 1,300 pounds, or 2,000 pounds on each beam installed, amounting in the aggregate to $103,480.*"

* This looks like an error in multiplication as the amount appears to be $105,300 (i. e., 2000 × 6½ cents × 810). The discrepancy is due to the fact that the saving in 100 beams was only 1750 pounds each.

"The United States installed the Lenke beams by contract with third parties. The beams were installed for the exclusive use of the United States. None were sold or installed for profit, other than such as accrued to the United States by reason of the saving in cost of installation. The single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty. They were used by the United States for Government purposes. There is no proof in the record as to any other saving or advantage to the United States."

The capital saving of $103,480 realized by the adoption for use of 810 Lenke patented cargo beams, over the same number of old cargo beams of the prior art, is a saving realized by and from acts of infringement of the patent in suit and is recoverable by the patentee under well-settled principles of accountings in patent cases established by this Court.

In *Mowry* v. *Whitney*, 14 Wall. 620, the Whitney patent for process of making railroad car wheels was held valid and infringed. The lower court awarded plaintiff the entire profits made by the defendant in the manufacture and sale of the car wheels. This Court, finding that similar car wheels could be made by other processes, refused to assent to the award under such circumstances of the entire profits and said (p. 651):

"The question to be determined in this case is: what advantage did the defendant derive from using the complainant's invention over what he had in using other processes then open to the public and adequate to enable him to obtain an equally beneficial result? The fruits of that advantage are his profits. They are all the benefits he derived from the existence of the Whitney invention. It is found that there were other processes by which the inherent strain caused by unequal cooling could be and was prevented, counteracting which strain was the sole object of the complainant's invention, and a car wheel could be prepared for similar service, valuable in the market, and salable at a price not less than was obtained for those which the defendant manufactured. The inquiry then is: what was the advantage in

> cost, in skill required, in convenience of operation, or marketability, in bringing car-wheels by Whitney's process from the condition in which they are when taken hot from the molds, to a perfected state, over bringing them to the same state by those other processes, and thus rendering them equally fit for the same service? That advantage is the measure of profits."

In *Tilghman* v. *Proctor*, 125 U. S. 136, the cases were elaborately considered and the rule was declared to be established that in equity the complainant is entitled to recover such gains and profits as have been made by the infringer by the unlawful use of the invention. (See *Coupe* vs. *Royer*, 155 U. S. 565). In illustrating the rule, this Court said in *Tilghman* v. *Proctor*, *supra*:

> "If, for example, the unauthorized use by the defendant of a patented process produced a definite saving in the cost of manufacture, he must account to the patentee for the amount so saved. This application or corollary of the general rule is as well established as the rule itself."

This Court then instanced the case of the Cawood Patent (94 U. S. 695) for an improvement in a machine for repairing the crushed and exfoliated ends of railroad iron, where the defendant saved money by the use of the patented machine over and above any other known method of repairing the crushed and exfoliated ends of the rails. The Court also cited *Mees* vs. *Conover*, 125 U. S. 144, marginal note, where the patent was for an improved machine for splitting kindling wood and where the defendant had saved money by the use of that machine. It instanced also *Elizabeth* v. *Pavement Co.*, 97 U. S. 126, 138, 139; *Root* v. *Railway Co.*, 105 U. S. 189, 202, 203, and *Thomson* v. *Wooster*, 114 U. S. 104; and then continued:

> "The general rule has been sometimes said to be based upon the theory that the infringer is converted into a trustee for the owner of the patent, as regards the profits made by the use of his invention. But, as has been recently declared by this court, upon an elaborate review of the cases in this country and in England, it is more strictly accurate to say that a court of equity, which has acquired, upon some equitable ground, juris-

diction of a suit for the infringement of a patent, will not send the plaintiff to a court of law to recover damages, but will itself administer full relief, by *awarding, as an equivalent or a substitute for legal damages, a compensation computed and measured by the same rule that courts of equity apply to the case of a trustee who has wrongfully used the trust property for his own advantage. Root* v. *Railway Co.*, 105 U. S. 189, 214, 215 [26:975, 984]." (Italics ours.)

A saving realized in the cost of manufacture of patented machines which have their sole advantage and utility in their subsequent use as machines (as with the cargo beams in issue) is as truly a saving due to the invention as would be a saving realized in that subsequent use (as in the case of the *Cawood Patent*, *supra*, and *Mevs* v. *Conover*, *supra*). But with this difference. A saving realized in the economy of use of patented machines varies with the extent of that use, whereas a saving realized in the economy of manufacture of patented machines varies only with the number of such machines manufactured and not at all with the extent or time of their use. Any use at any time in the latter case would be a utilizing, and a taking advantage of, the entire saving in cost of manufacture.

In the instant case, the use of the infringing cargo beams after Petitioner's ownership of the patent began (*i. e.*, after March 7, 1921) was a utilizing, and a taking advantage of, the entire capital saving realized in the reduced cost of those cargo beams as compared with any cargo beams in the prior art.

The Saving of $103,480 in the Original Cost of the 810 Infringing Cargo Beams.

We submit that if Petitioner is entitled to any recovery whatever it is entitled to the entire $103,480 saved in the cost of manufacture of the 810 infringing cargo beams and so in the end saved in the handling of cargoes by the use of those cargo beams.

I. If this Court holds that U. S. R. S. 3477 does not apply to any part of the case at bar, then Petitioner's right to re-

cover the entire capital saving of $103,480 is clear under the rule of the above authorities.

2. If this Court holds that U. S. R. S. 3477 applies to, and bars, all branches of the case excepting only the infringing use of the patented cargo beams by the United States after March 7, 1921, we still submit that Petitioner is entitled to recover the entire capital saving of $103,480 and for the reasons given briefly below.

The United States through the contractor installed on January 1, 1919, 810 of the patented cargo beams, not for the sake of the installation as such, but *for the sake of the subsequent use of those patented devices as cargo beams in the handling of cargo.* The saving of $103,480 was realized by the contractors as a saving in the cost of the metal in manufacturing those 810 cargo beams and was realized by the United States (if we are to assume that the contractors passed the saving on to it) *as a saving in the subsequent handling of cargo* by the use of those 810 cargo beams. So far as the United States is concerned, that sum measures a part of the advantage gained by the United States in the handling of cargoes after March 7, 1921, by the infringing cargo beams, as contrasted with the hypothetical handling of the same cargoes after March 7, 1921, by the use of old prior art cargo beams. That handling of cargoes by the infringing use of the patented cargo beams after March 7, 1921, was the usufruct of the entire tort, and a part of that usufruct was the saving that had been realized in the original cost of the cargo beams over an equal number of prior art cargo beams.

The length of time of use of the 810 infringing cargo beams in cargo handling is not a factor in the situation because 810 of the old prior art cargo beams could not have been used at all for the handling of cargo for any length of time long or short without the expenditure of $103,480 more than the same handling of cargo by the 810 infringing cargo beams required. Any use at all of the 810 infringing cargo beams required and presupposed and evidences the enjoy-

ment, and the utilization of, the entire original capital saving in question.

The handling of cargo by the 810 patented cargo beams after March 7, 1921, could not have existed or proceeded for a single day without an in-pocket saving of cash to the contractors, or an in Treasury saving of cash to the United States, of $103,480.

Moreover, Respondent's immunity, as sovereign, from injunction, makes it not unfair or unjust that it should be required to pay Petitioner, as part of the reasonable and entire compensation for its continuing infringement, by use after March 7, 1921, what that immunity was reasonably worth. If the Petitioner had the same right of injunction against the United States, as against any ordinary infringer, the United States would have been compelled to replace infringing beams with non-infringing ones at a cost greater than $103,480. It seems reasonable, therefore, that the Petitioner should recover this amount, as the value of the immunity from injunction.

3. If this Court holds that U. S. R. S. 3477 applies to the liability of the United States for its own infringements prior to March 7, 1921, but does not apply to its liability under the Act of 1918 for what the contractors' liability would have been but for the passage of that Act, then and in that case we also submit that the entire saving on the original installation of $103,480 is recoverable by Petitioner here for the following reasons:

(*a*) The infringing use made by the United States after March 7, 1921, meant a $103,480 in Treasury saving to United States, as heretofore pointed out.

(*b*) The saving of $103,480 made in the purchase of metal by the contractors for the original installation would, but for the Act of 1918, have been recoverable from the contractors both (1) as a saving directly made by them in manufactur-

ing for the United States or (2) as a saving ultimately enjoyed by the United States, the latter on the theory of the several liability of joint tort feasors. The contractors and the United States were joint tort feasors in the infringements constituted by the original installations.

The Court of Claims finds (R. 21):

> "The United States installed the Lenke beams by contract with third parties."

This was done with full knowledge of, and in defiance of, the patent in suit. See Court of Claims Finding VII (R. 12).

The United States thereby induced and procured, and contributed to, the contractors' infringing acts of installation of the 810 Lenke cargo beams. With respect to those acts of infringement by the contractors by manufacturing for the United States under contracts, the United States was a joint tort feasor with the contractors.

The law of several liability of joint tort feasors for the entire damage done by the tort and for the entire compensation recoverable from either or both joint tort feasors for the tort, is clear.

Said Mr. Justice Brown for this Court in *The Beaconsfield*, 158 U. S. 303:

> "A person who has suffered injury by the joint action of two or more wrongdoers, may have his remedy against all or either, subject, however, to the condition that satisfaction once obtained is a bar to any further proceeding. *Phoenix Ins. Co.* v. *The Atlas*, 93 U. S. 302, 315 [23: 863, 866]; *Lovejoy* v. *Murray*, 70 U. S. 3 Wall. 1 [18: 129]."

This was a libel in admiralty for damages for injuries resulting from the collision of two vessels, as was also *Phoenix Ins. Co.* vs. *The Atlas*, *supra*.

Lovejoy v. *Murray*, *supra*, was an action at law for the conversion of property.

See also *Sessions* v. *Johnson*, 95 U. S. 347, which was an action to recover proceeds given defendant for releasing mortgage of a bankrupt, and this Court said:

> "Where the injury is tortious, the remedy may be joint or several; but the rule in this country is that a

> judgment against one without satisfaction is no bar to an action against any one of the other wrong-doers." [Citing cases.]

See also *Atlantic & Pacific Ry. Co.* v. *Laird*, 164 U. S. 393, which was an action against the railway company for damages for personal injuries due to train wreck, and where Mr. Justice White, speaking for this Court, said that the trial court

> "was manifestly justified in holding that the right to recover was not founded upon the breach of a contract, but upon the neglect of a common-law duty. The action therefore was *ex delicto*, and the defendants, being joint tort feasors, might have been sued either separately or jointly at the election of the injured party, and, if, upon the trial, the proof warranted, a recovery might have been had against a single defendant. *Sessions* v. *Johnson*, 95 U. S. 347 [24:596]."

See also *Clay* v. *Waters*, 161 Fed. 815, which was an action to recover proceeds of a gift made to defraud creditors, and where the Circuit Court of Appeals for the Eighth Circuit said:

> "In these circumstances he [Clay] was properly held liable with Priscilla Boatright for the money which he aided her to secure and wrongfully appropriate to her own use. The accepted rule on this subject is that 'when several persons unite in an act which constitutes a wrong to another, intending at the time to commit it, or doing it under circumstances which fairly charge them with intending the consequences which follow,' they are all jointly liable for the wrong done, without regard to their individual participation in its accomplishment or their individual gain or profit resulting therefrom. They are joint tort feasors, and as such jointly and severally liable for the consequences of their wrongful act. 1 Cooley on Torts (3d Ed.) 223, and cases cited."

In the instant case if we for the moment disregard the Act of 1918, and assume the Act of 1910 as in full force and effect, there would be a liability of the contractors for $103,480.

This liability would be assignable under U. S. R. S. 4898 and an assignment of it (like the assignments at bar) would not be void under U. S. R. S. 3477.

What is the effect of the Act of 1918 on the assignments at bar in so far as they relate to this liability of the contractors?

Does that Act change the nature of that liability of the contractors so that it is no longer assignable under U. S. R. S. 4898?

The fair answer to these two questions would seem to be that the Act does not change the nature or the incidents of the contractors' liability, or impair the remedies of the owner of the claim and the incidents thereof under U. S. R. S. 4898, but the United States assumes the full liability, with all its incidents entirely unimpaired, to the end that those manufacturing for the United States may be free from all embarrassment of patent suits. This purpose is clear, as we have heretofore pointed out, both in the history of the origin of the Act and on the face of the Act itself, and in neither is there evidence or indication of any purpose to impair or curtail the rights of patent owners including the right of assignment under U. S. R. S. 4898.

It may be said here, as it was said in *Miller* v. *Robertson*, 266 U. S. 243, a case arising under the Trading with the Enemy Act:

> "While the suit * * * is one against the United States, the claim was not one against it".

We submit that this is the true meaning and effect of the Act of 1918, and if we are correct in this, it follows that the Petitioner's claim against the United States for $103,480 as the liability of the contractors assumed by the United States is good and valid.

The Court of Claims found that the contractors saved $103,480 by the infringement. That sum would have been recoverable from them by Petitioner but for the Act of 1918. Under that Act it is recoverable by Petitioner, we submit, from the United States.

IV. An additional sum, equal to interest on the capital saving of $103,480 from January 1, 1919, should be included in the award to Petitioner.

In connection with any award to Petitioner of the capital saving of $103,480 in the lessened cost of the original installation as compared with cargo beams of the prior art as the equivalent of or a substitute for legal damages, an additional sum should be awarded equal to interest at the legal rate at each of the respective places of infringement on that capital saving from the date of installation when the saving was made, January 1, 1919, to the date of entry of final decree herein.

That such an additional sum should be awarded seems supported by the analogy of the "just compensation" cases in this Court under the Fifth Amendment to the Constitution.

See *Phelps* v. *United States*, U. S. Adv. Ops., June 1, 1927, p. 694; *Miller* v. *Robertson*, 266 U. S. 243, 258; *Brooks-Scanlon Corp.* v. *United States*, 265 U. S. 106, 123; *United States* v. *Brown*, 263 U. S. 78; *Seaboard Air Line Ry. Co.* v. *United States*, 261 U. S. 299; *United States* v. *Benedict*, 261 U. S. 296.

As said in *Miller* v. *Robertson*, *supra*, after a review of many cases:

> "Compensation is a fundamental principle of damages, whether the action is in contract or in tort. Wicker v. Hoppock, 6 Wall. 94, 99, 18 L. ed. 752, 753. One who fails to perform his contract is justly bound to make good all damages that accrue naturally from the breach; and the other party is entitled to be put in as good a position pecuniarily as he would have been by performance of the contract. Curtis v. Innerarity, 6 How. 146, 154, 12 L. ed. 380, 383. One who has had the use of money owing to another justly may be required to pay interest from the time the payment should have been made. Both in law and in equity, interest is al-

lowed on money due. Spalding v. Mason, 161 U. S. 375, 396, 40 L. ed. 738, 746, 16 Sup. Ct. Rep. 592. Generally, interest is not allowed upon unliquidated damages. Mowry v. Whitney, 14 Wall. 620, 653, 20 L. ed. 860, 866. But when necessary, in order to arrive at fair compensation, the court, in the exercise of a sound discretion, may include interest or its equivalent as an element of damages. See Bernhard v. Rochester German Ins. Co. 79 Conn. 388, 397, 65 Atl. 134, 8 Ann. Cas. 298; Frazer v. Bigelow Carpet Co. 141 Mass. 126, 4 N. E. 620; Faber v. New York, 222 N. Y. 255, 262, 118 N. E. 609; De la Rama v. De la Rama, 241 U. S. 154, 159, 160, 60 L. ed. 932, 934, 36 Sup. Ct. Rep. 518, Ann. Cas. 1917 C, 411; The Paquete Habana (United States v. The Paquete Habana) 189 U. S. 453, 467, 47 L. ed. 901, 904, 23 Sup. Ct. Rep. 593; Eddy v. Lafayette, 163 U. S. 456, 467, 41 L. ed. 225, 229, 16 Sup. Ct. Rep. 1083; Demotte v. Whybrow, 263 Fed. 366, 368."

See also *Starr Piano Co.* v. *Auto Pneumatic Co.*, 12 F. (2nd) 586 and cases there cited.

As was said in *Phelps* v. *United States*, *supra*:

"Section 177 [of the Judicial Code] provides that no interest shall be allowed on any claim up to the time of the rendition of judgment unless upon a contract expressly stipulating for its payment. Under the 5th Amendment plaintiffs were entitled to just compensation; and, within the meaning of § 145, [of the Judicial Code] the claim is one founded on the Constitution. • • • Plaintiff's property was taken before its value was ascertained or paid. Judgment in 1926 for the value of the use of the property in 1918 and 1919, without more, is not sufficient to constitute just compensation. Section 177 does not prohibit the inclusion of the additional amount for which petitioner contends. It is not a claim for interest within the purpose or intention of that section. Acts of Congress are to be construed and applied in harmony with and not to thwart the purpose of the Constitution. The government's obligation is to put the owners in as good position pecuniarily as if the use of their property had not been taken. They are entitled to have the full equivalent of the value of such use at the time of the taking paid contemporaneously with the taking. As such payment has not been made,

petitioner is entitled to the additional amount claimed. Seaboard Air Line R. Co. *v.* United States, supra, 304 [67 L. ed. 669, 43 Sup. Ct. Rep. 354]; Brooks-Scanlon Corp. v. United States, 265 U. S. 106, 123, 68 L. ed. 934, 941, 44 Sup. Ct. Rep. 471; Liggett & M. Tobacco Co. *v.* United States, ——— U. S. ———, ante, 656, 47 Sup. Ct. Rep. ———.

"Judgment reversed."

In *Brooks-Scanlon Corp. v. United States, supra*, this Court said:

"It is settled by the decisions of this court that just compensation is the value of the property taken at the time of the taking. L. Vogelstein & Co. *v.* United States, 262 U. S. 337, 340, 67 L. ed. 1012, 1014, 43 Sup. Ct. Rep. 564; United States *v.* New River Collieries Co. 262 U. S. 341, 344, 67 L. Ed. 1014, 1017, 43 Sup. Ct. Rep. 565; Seaboard Air Line R. Co. *v.* United States, 261 U. S. 299, 306, 67 L. ed. 664, 669, 43 Sup. Ct. Rep. 354; Monongahela Nav. Co. *v.* United States, 148 U. S. 312, 341, 37 L. ed. 463, 473, 13 Sup. Ct. Rep. 622. And, if the taking precedes the payment of compensation, the owner is entitled to such addition to the value at the time of the taking as will produce the full equivalent of such value paid contemporaneously. Interest at a proper rate is a good measure of the amount to be added. Seaboard Air Line R. Co. *v.* United States, 261 U. S. 299, 306, 67 L. ed. 664, 669, 43 Sup. Ct. Rep. 354; United States *v.* Benedict, 261 U. S. 294, 298, 67 L. ed. 662, 664, 43 Sup. Ct. Rep. 357; United States *v.* Brown, decided November 12, 1923, 263 U. S. 78, ante, 171, 44 Sup. Ct. Rep. 92."

In *United States v. Benedict, supra*, this Court said:

"The United States object to the judgment because interest was allowed from date of taking. This point has been discussed and determined in Seaboard Air Line R. Co. *v.* United States, decided today [261 U. S. 299, *infra*, p. 39, 43 Sup. Ct. Rep. 354], and needs no further elaboration."

In *Seaboard Air Line Ry. Co. v. United States*, 261 U. S. 299, this Court had said:

"The addition of interest allowed by the District Court is necessary in order that the owner shall not suffer loss and shall have 'just compensation' to which he is entitled."

See also *United States v. Sargent*, 162 Fed. 81, 84.

The savings of the contractors and of the United States (in the cost of metal in the original installations) of $103,480 made and realized by them January 1, 1919, being recoverable as an equivalent or a substitute for legal damages under the rule of *Tilghman* v. *Proctor* (*supra*, pp. 30, 31), an additional sum equal to interest on $103,480 at the proper legal rates from that date would seem, under the analogy of the "just compensation" cases cited above, to be also recoverable under the rule of *Tilghman* v. *Proctor* being

> "the same rule that courts of equity apply to the case of a trustee who has wrongfully used the trust property for his own advantage."

This additional sum equal to interest from January 1, 1919, is, we submit, a part of the

> "reasonable and entire compensation"

recoverable by the Petitioner from the United States under the Act of 1918, for the manufacture of the infringing cargo beams by the contractors for the United States and the use of those beams by the United States.

V. Finding of established license fee for those who took a license to use under the patent.

The Court of Claims found (R. 21, III):

> "The fair license value on a royalty basis is the sum of twenty ($20) dollars a cargo beam, amounting in this case to the sum of sixteen thousand two hundred ($16,200) dollars."

Under familiar law this sum is recoverable by the owner of the patent as damage suffered by him by reason of the infringement, so that Petitioner is entitled to recover at least this sum here, quite irrespective of U. S. R. S. 3477, seeing that the United States has used the infringing cargo beams since March 7, 1921.

But where the defendant's gains, savings and advantages made by the infringements are also proved and are found by the court below, as they are here, and they are the larger sum of the two, as they are here, the plaintiff may elect the larger sum and the Petitioner so elects here.

Tilghman v. *Proctor*, 125 U. S. 136;
Robinson on Patents, Vol. 3, p. 528, § 1154.

The United States had an opportunity to take a license under the patent in suit but elected to defy the patent and in that election it took the risk of the patent being held valid and infringed and it itself held responsible for all its gains, savings and advantages accruing to it by reason of its infringements.

As we have shown, the gains, savings and advantages for which the United States is liable amount to $103,480 plus a sum equal to interest as above set out.

VI. Conclusion.

We believe this case far transcends the interests of the immediate parties. It is important for patent owners to know what law governs the assignability of their property where the United States has been or may be an infringer. It is important for those manufacturing or using patented property for the United States to know what the extent of their immunity from liability and from suit is and what law governs it. It is important for the United States to know what liability the Act of 1918 really imposes upon it with respect to those who manufacture or use patented property for it. It is important to the proper functioning of government departments, especially in the event of war, to know what the Act of 1918 really means and whether it actually achieves the ends sought by it.

In conclusion it is submitted that the decree of the Court of Claims be reversed and that the court be directed to enter a decree for Petitioner holding the Melchior Lenke Letters Patent No. 1,228,120, for Cargo Beams, valid and infringed, and awarding judgment against the United States for $103,480 plus an additional sum equal to interest on $103,480 from January 1, 1919, to the date of entry of final decree.

Respectfully,

CHARLES E. HUGHES,
WM. HOUSTON KENYON,
ARCHIBALD COX,
O. ELLERY EDWARDS,
JOSEPH W. COX,
DOUGLAS H. KENYON,
Counsel for Petitioner.

Appendix.

U. S. C. Title 35, Sec. 68, (Act of June 25, 1910, c. 423, 36 Stat. 851; U. S. Comp. Stat. Sec. 9465).

"*An Act to Provide Additional Protection for Owners of Patents of the United States, and for Other Purposes.*

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: *Provided, however*, that said Court of Claims shall not entertain a suit or reward (sic) compensation under the provisions of this act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, that in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, that the benefits of this act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employe during the time of his employment or service."

U. S. C. Title 35, Sec. 68. (Act of June 25, 1910, c. 423, 36 Stat. 851, amended July 1, 1918, c. 114, 40 Stat. 705; U. S. Comp. Stat. Sec. 9465).

"Whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: *Provided, however*, That said Court of Claims shall not entertain a suit or award compensation under the provisions of this act where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further*, That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employee during the time of his employment or service."

U. S. C. Title 31, Sec. 203, (May 27, 1908, c. 206, 35 Stat. 411; U. S. R. S. Sec. 3477; U. S. Comp. Stat. Sec. 6383).

"All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for receiving payment of any such claim, or of any part or share thereof, shall be

absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. Such transfers, assignments, and powers of attorney, must recite the warrant of payment, and must be acknowledged by the person making them, before an officer having authority to take acknowledgments of deeds, and shall be certified by the officer; and it must appear by the certificate that the officer, at the time of the acknowledgment, read and fully explained the transfer, assignment, or warrant of attorney to the person acknowledging the same."

U. S. C. Title 35, Sec. 47, (Mar. 3, 1897, c. 391, § 5, 29 Stat. 692; Feb. 18, 1922, c. 58, § 6, 42 Stat. 391; U. S. R. S. 4898; U. S. Comp. Stat. Sec. 9444).

"Every patent or any interest therein shall be assignable in law by an instrument in writing, and the patentee or his assigns or legal representatives may in like manner grant and convey an exclusive right under his patent to the whole or any specified part of the United States. An assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice unless it is recorded in the Patent Office within three months from the date thereof or prior to such subsequent purchase or mortgage.

"If any such assignment, grant, or conveyance of any patent shall be acknowledged before any notary public of the several States or Territories or the District of Columbia, or any commissioner of any court of the United States for any District or Territory, or before any secretary of legation or consular officer authorized to administer oaths or perform notarial acts under section 1750 of the Revised Statutes, the certificate of such acknowledgment, under the hand and official seal of such notary or other officer, shall be *prima facie* evidence of the execution of such assignment, grant, or conveyance."

INDEX

	Page
Opinion below	1
Jurisdiction	2
Statement	2
The statutes	5
Argument	6
Conclusion	12

AUTHORITIES CITED

Cases:

Brothers v. *United States*, 250 U. S. 88 ..... 8, 11

Statutes:

Act of February 13, 1925 (Chap. 229, 43 Stat. 936) 2

Act of June 25, 1910 (Chap. 423, 36 Stat. 851) 2, 5, 10

Act of July 1, 1918 (Chap. 114, 40 Stat. 704, 705) 2, 5, 10, 11

Section 3477, Revised Statutes 6, 8, 9, 10, 11, 12

In the Supreme Court of the United States

OCTOBER TERM, 1926

No. 540

RICHMOND SCREW ANCHOR CO., INC., PETITIONER

v.

THE UNITED STATES

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINION BELOW

An opinion (R. 13) by the Court of Claims, holding that the patent involved was valid and that the invention covered thereby had been used by the United States, was rendered on June 4, 1923, and is reported in 58 Ct. Cls. 433. It was thereupon ordered that the case be remanded to the general docket for further proceedings to determine the damages. (R. 19.) On December 7, 1925, additional findings of fact were made (R. 20) and another opinion entered (R. 22), which has not yet been reported, in which the former judgment of the Court of Claims as expressed in its conclusion of law was set aside and a new judgment entered dismissing the petition. (R. 24, 25.)

JURISDICTION

The judgment of the Court of Claims dismissing the petition to review which this writ of certiorari is requested was entered on December 7, 1925. (R. 25.) A motion for additional findings of fact was entertained and overruled on May 3, 1926. (R. 25.) The petition for writ of certiorari was filed July 30, 1926. (R. 26.) Jurisdiction to issue the writ is conferred by Section 3 (b) of the Act of February 13, 1925. (Chap. 229, 43 Stat. 936.)

STATEMENT

This is a suit under the Act of June 25, 1910 (Chap. 423, 36 Stat. 851), as amended by the Act of July 1, 1918 (Chap. 114, 40 Stat. 704, 705), to recover compensation from the United States for the alleged unauthorized and illegal manufacture and use of cargo beams of a type covered by United States Letters Patent No. 1,228,120, granted May 29, 1917, to Melchior Lenke.

The Court of Claims in the findings of fact entered on June 4, 1923, found said letters patent were issued to Lenke on May 29, 1917. (R. 10, 11.) On December 31, 1918, attorneys representing Lenke wrote to officers of the Quartermaster Corps of the Army, stating that Lenke's patent was being used by the Government at the Brooklyn Army Supply Base without permission of the patentee. The officers of the Army replied, neither admitting nor denying such alleged use. (R. 12.) The court

further found that "during and since the year 1918 cargo beams of the kind and character" covered by said letters patent "have been in use by the United States at its Army base at Brooklyn, N. Y.," without any authorization by or compensation to the petitioner or other owner of said letters patent. (R. 12, 13.) The Court of Claims thereupon rendered an opinion holding that the beams installed by the Government were covered by said letters patent, and remanded the case to the general docket for the purpose of further proceedings to ascertain the amount of the damages, if any. (R. 13, 19.)

The conclusion of law upon such findings of fact was that the petitioner was entitled to recover, the amount thereof to be later determined. (R. 13.) On December 7, 1925, the Court of Claims set aside its former conclusion of law and judgment and ordered that the petition in this case be dismissed. (R. 20.) Additional findings of fact were rendered. These findings show that the United States installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent. (R. 21.)

> Since January 1, 1919, the evidence establishes that no additional beams of the Lenke type have been installed or used by the United States. (R. 21.)

The court found the fair license value on a royalty basis was $20 per cargo beam, or a total of

$16,200. (R. 21.) The installation of the beam covered by the patent resulted in a saving of 2,000 lbs. of metal per beam, which, at 6½ cents per pound, the market value for such metal, amounted to a saving of $103,480. (R. 21.)

> The single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty. (R. 22.)

The beams were used for Government purposes only, and were not sold for a profit. (R. 21, 22.)

> There is no proof in the record as to any other saving or advantage to the United States. (R. 22.)

The original findings show that letters patent were granted to Lenke on May 29, 1917. (R. 10.) They were assigned by Lenke to Thomas E. Chappell on September 29, 1920, and on March 7, 1921, were assigned by Chappell to petitioner. (R. 12.) Each of said assignments contained a provision that the assignee should have

> all rights of action for past infringements of said patent, and all rights to recoveries for damages, profits, and royalties for said infringements of every kind whatsoever. (R. 12.)

The Court of Claims held that as all of the beams had been installed on or before January 1, 1919, long before petitioner owned any interest in the patent, petitioner had no right to maintain this

suit, and that any attempt to assign the claim resulting against the United States because of such alleged wrongful installation of these beams was absolutely null and void under the provisions of Section 3477 of the Revised Statutes of the United States.

THE STATUTES

The pertinent portions of the Act of June 25, 1910 (Chap. 423, 36 Stat. 851), are as follows:

> That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims: * * * *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise * * *.

The pertinent portions of the Act of July 1, 1918 (Chap. 114, 40 Stat. 704, 705), amending the Act of June 25, 1910, are as follows:

> "That whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States

> in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: * * * *Provided further*, That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement as set forth in Title Sixty of the Revised Statutes, or otherwise * * *.

The pertinent portions of Sec. 3477, Revised Statutes, are as follows:

> All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for receiving payment of any such claim, or of any part or share thereof, shall be absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. * * *

ARGUMENT

As heretofore stated, the Court of Claims held that while 810 beams installed by or for the United States were covered by the Lenke patent, all of the installations of such beams were made prior to January 1, 1919. The court found that "the single advantage which the United States gained by the use of the beams was the saving in cost of

the same and the convenience resulting from their novelty " (R. 22), and that " there is no proof in the record as to any other saving or advantage to the United States" (R. 22).

Finding IV of the amended findings by the Court (R. 21) shows the saving to the United States as the result of the use of this invention, and shows that such saving was limited to the cost of the construction thereof. The saving resulted in a lighter-weight beam than that required without the use of the invention covered by the patent. (R. 21.) Therefore, if there is any liability upon the part of the Government for the use of this invention shown by the findings of fact in this case, that liability was to the owner of the patent prior to January 1, 1919, the date before which the court finds 810 beams were installed by and for the Government.

The findings clearly show that Lenke was the owner of the patent at that time. It was not until on September 29, 1920, that he assigned the patent to Chappell, and the petitioner never gained any interest in the patent until March 7, 1921 (R. 12), and this suit was brought on May 23, 1921 (R. 6), only a little over two months after the petitioner obtained any interest in this patent. The assignments of the patent attempted to transfer the right to the assignee to sue in his own name for past infringements, etc. (R. 12.) Any claims which either Lenke or Chappell had in that respect were

certainly unliquidated claims against the Government, and Sec. 3477, Rev. Stat., specifically declares all such assignments to be null and void. Therefore any attempts to make such an assignment of any right which Lenke or Chappell may have had were wholly futile, and vested no rights whatsoever in the petitioner.

The facts as found by the Court of Claims, together with the special provisions of Sec. 3477, would seem to be all that is necessary upon this point. However, this Court, in the case of *Brothers* v. *United States*, 250 U. S. 88, 89, has expressly applied Sec. 3477 to a claim under the Act of June 25, 1910, and held there that there could be no assignment of such an unliquidated claim against the Government.

Petitioner herein contends, however, that the use of these beams during the time it was the owner of the patent in question gave to petitioner a right of action because of such use. The original findings of fact in this case state that during and since the year 1918 beams of the kind and character covered by the Lenke patent have been in use by the Government. (R. 12, 13.) The additional findings of fact show that all of these beams were installed on or before January 1, 1919, and that "since January 1, 1919, the evidence establishes that no additional beams of the Lenke type have been installed or used by the United States." (R. 21.) The findings also show that the only advan-

tage that the United States gained in the use of this beam was in the saving at the time of its installation. The fair license value on a royalty basis is found at $20 per beam, but this is shown to be because of the saving at the time of the installation. (R. 21.)

> There is no proof in the record as to any other saving or advantage to the United States. (R. 22.)

The number of beams, if any, used during the period of ownership by petitioner is not shown. The value of the use, if any, of such beams by the United States during the period of ownership by petitioner of said patent is not shown, and, on the contrary, the findings show that the sole saving to the United States and the sole value of the use of this patent resulted in the saving of cost at the time of the installation. Therefore for the period of time during which petitioner owned this patent there is no use proven by the United States of such invention, nor is there value of such use, if any, proven. On the contrary, it is shown that such use would have been of no value, as the value of the use of the invention occurred when the beams were installed.

As to the use prior to petitioner's ownership, as heretofore pointed out, petitioner did not then own the patent, and because of Sec. 3477 could not gain a right to such an alleged claim against the United States by assignment. Therefore petitioner should not and did not recover.

Petitioner, however, further contends that because the amendment of the Act of June 25, 1910, by the Act of July 1, 1918, makes the United States liable for claims for the use of an invention by a manufacturer for the United States, and that as the claim for infringement against the manufacturer could be assigned, therefore Sec. 3477, prohibiting the assignment of claims against the United States, has no application to claims against the United States under the Act of June 25, 1910, as amended by the Act of July 1, 1918. This theory is rather unusual, and if it amounts to anything, it is merely an argument that by implication Sec. 3477 of the Revised Statutes, in so far as applicable to patent claims, was repealed by the Act of June 25, 1910, as amended by the Act of July 1, 1918. The Court of Claims did find that

> the United States installed the Lenke beams by contract with third parties. (R. 21.)

Let us assume that this, therefore, means, as provided in the Act of July 1, 1918, that the invention of this patent was used or manufactured for the United States by contractors, and that under such statute the United States was liable for the value of such use, thus bringing the case squarely within the hypothesis which petitioner assumes. Still, we submit that that does not justify the assertion that Sec. 3477 of the Revised Statutes has no application to such a claim. The mere fact that had the claim been against a private party the same

could have been assigned does not bring about such a result. There is nothing in these Acts indicating any intention upon the part of Congress to permit the assignment of such claims against the Government. The owner of the claim is not deprived of any remedy by these statutes, and it is a long well-settled rule that repeals by implication are not favored and will not result unless clearly indicated and necessary to carry out the legislative intent. Such a repeal is neither indicated nor necessary. On the contrary, the Act of July 1, 1918, provides that whenever an invention is used or manufactured by or for the United States " without license of the *owner thereof* * * * such *owner's* remedy shall be by suit against the United States in the Court of Claims." (Italics ours.) This does not indicate any intention to permit a suit by an assignee in violation of Sec. 3477 of the Revised Statutes. And it is only reasonable to say that by the use of the word " owner " in this Act Congress meant the owner at the time the alleged use occurred. Sec. 3477 has been upon the statute books for many years, and has been an unbroken rule in Government transactions during such time. Congress may be presumed to have used the word "owner" in the Acts of 1910 and 1918 with this statutory rule concerning Government transactions clearly in mind.

This Court in the case of *Brothers* v. *United States*, 250 U. S. 88, held that because of Sec. 3477

no assignment of claims under the Act of 1910 could be made. There is no such difference between the Acts of 1918 and 1910 as to justify a different rule.

Petitioner urges, among other matters which it is felt need not be discussed, as they almost answer themselves, that since the assignments of the patent expressly included the right to sue for past infringement, Sec. 3477 of the Revised Statutes had no application. It would be unusual if third parties by a written agreement could avoid the express prohibition of a statute made for the protection of the Government.

CONCLUSION

For the reasons above stated, it is respectfully submitted that the conclusions and decision by the Court of Claims were correct and that this case presents no question which should be reviewed by this Court under its power to grant a writ of certiorari.

Respectfully submitted.

WILLIAM D. MITCHELL,
Solicitor General.
HERMAN J. GALLOWAY,
Assistant Attorney General.
JOHN S. BRADLEY,
Attorney.

SEPTEMBER, 1926.

○

(12)

Office Supreme Court, U. S.
FILED
OCT 2 1926
WM. R. STANSBURY
CLERK

IN THE

Supreme Court of the United States.

OCTOBER TERM, 1926.

No. [redacted] 99

RICHMOND SCREW ANCHOR CO., INC., Petitioner,

v.

THE UNITED STATES.

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

REPLY TO BRIEF FOR THE UNITED STATES IN OPPOSITION.

Brief for the United States in discussing the use of infringing beams by the United States during the time petitioner was owner of the patent, that is to say, after March 7, 1921 (R. 12) says (p. 8):

> "The findings also show that the only advantage that the United States gained in the use of this beam was in the saving at the time of its installation."

On the contrary the finding in question was (R. 22):

> "The single advantage which the United States gained by the use of the beams was the saving in cost of the same *and the convenience resulting from their novelty.*" (Italics ours.)

This "convenience" in use resulting from the novelty of the structure is set out in the first opinion of the Court of Claims (R. 14-16) and in the Lenke patent, Exhibit A.

The advantage resulting from this convenience in use was enjoyed by the United States during the entire period of the petitioner's ownership of the patent and for this compensation should be made as provided in the statute.

Moreover, as the United States saved $103,480. in the installation of the infringing beams there was an additional saving to the United States during each year of the petitioner's ownership of the patent of interest on that amount, to wit, several thousand dollars per year and for this also compensation should be made.

Brief for the United States says (p. 9):

> "The fair license value on a royalty basis is found at $20 per beam, *but this is shown to be because of the saving at the time of the installation* (R. 21)." (Italics ours.)

The italicized part of the statement is not correct. There is nothing in the findings or in the record to justify it.

Brief for the United States says (p. 9) that there is no proof of use by the United States during the period of petitioner's ownership of the patent or proof of the value of any such use.

This is error.

The Court of Claims (R. 12 and 13) in its findings of fact entered June 4, 1923, found:

"VIII

> "During *and since the year 1918* cargo beams of the kind and character illustrated and described in the drawings and specifications of the said Lenke letters patent, and claimed in the claims of said letters patent, *have been* in use by the United States at its Army base at Brooklyn, N. Y., without", etc. (Italics ours.)

As indicated above the Court of Claims found convenience and advantage and value in that use.

As to petitioner's right to compensation from the United States for the damage done to the petitioner and the profits realized by the contractor by his installation of the infringing beams for the United States without license, and the effect of Section 3477 U. S. R. S. and of the Act of July 1, 1918, upon that right, Brief for the United States admits that the question so raised is "rather unusual" (p. 10) and cites no authority *pro* or *con*.

Respectfully submitted,

WILLIAM H. KENYON,
ARCHIBALD COX,
O. ELLERY EDWARDS,
JOSEPH W. COX,
DOUGLAS H. KENYON,
Counsel for Petitioner.

Dated New York, Sept. 30th, 1926.

INDEX

	Page
Opinion below	1
Jurisdiction	2
The questions presented	2
Statutes	2
Statement	5
Summary of argument	8
Argument:	
I. Section 3477, Revised Statutes, prohibiting assignment of unliquidated claims against the United States, applies to claims for infringement of patents	10
II. The findings show no basis for substantial recovery for infringement occurring after petitioner acquired the letters patent	12

CITATIONS

Cases:	
Birdsall v. *Coolidge*, 93 U. S. 64	15
Bloomer v. *Millinger*, 1 Wall. 340	15
Brothers v. *United States*, 250 U. S. 88	9, 12
Brown v. *Langon*, 148 Fed. 838	14
Coupe v. *Royer*, 155 U. S. 565	14
Diamon v. *Taylor*, 99 Minn. 527	15
Goodman v. *Niblack*, 102 U. S. 556	11
Price v. *Forrest*, 173 U. S. 410	12
Seaboard Air Line Ry. v. *United States*, 256 U. S. 655	12
Seymour v. *McCormick*, 16 How. 480	15
Spofford v. *Kirk*, 97 U. S. 484	11
Stutz v. *Armstrong*, 25 Fed. 147	15
United States v. *Gillis*, 95 U. S. 407	11
Statutes:	
Act of June 25, 1910, c. 423, 36 Stat. 851	3, 4
Act of July 1, 1918, c. 114, 40 Stat. 704, 705; U. S. C., title 35, sec. 68	4, 5
Revised Statutes, sec. 3477; U. S. C., title 31, sec. 203	2, 3, 6, 8

In the Supreme Court of the United States

OCTOBER TERM, 1927

No. 99

RICHMOND SCREW ANCHOR CO., INC., PETITIONER

v.

THE UNITED STATES

ON WRIT OF CERTIORARI TO THE COURT OF CLAIMS

BRIEF FOR THE UNITED STATES

OPINION BELOW

An opinion by the Court of Claims (R. 13) holding that the patent involved was valid and that the invention covered thereby had been used by the United States was rendered on June 4, 1923, and is reported in 58 Ct. Cls. 433. It was thereupon ordered by the court that the case be remanded to the docket for further proceedings respecting the issue of damages. (R. 19.) On December 7, 1925, additional findings of fact were made (R. 20) and another opinion was entered (R. 22), which is reported in 61 Ct. Cls. 397, in which the former judgment of the Court of Claims as expressed in its conclusion of law was set aside and a new judgment entered dismissing the petition (R. 25).

JURISDICTION

The judgment of the Court of Claims dismissing the petition was entered on December 7, 1925. (R. 25.) A motion for additional findings of fact was entertained and overruled on May 3, 1926. (R. 25.) The petition for writ of certiorari was filed on July 30, 1926, and was granted on October 25, 1926. (R. 26.) Jurisdiction to issue the writ is conferred by the Act of February 13, 1925.

THE QUESTIONS PRESENTED

The primary question is whether assignments of claims against the United States for infringement of a patent by it and for infringement by others who manufacture for the United States [liability for which has been assumed by the United States under the Act of July 1, 1918] are within the operation of Section 3477, R. S., which declares that assignments of unliquidated claims against the United States are void.

If that question is answered in the affirmative, then it remains to determine whether between March 7, 1921, when the petitioner acquired the patent, and May 23, 1921, when this suit was instituted, there was an infringement by the United States for which recovery may be had.

STATUTES

Section 3477, Revised Statutes, U. S. C. Title 31, Section 203:

> All transfers and assignments made of any claim upon the United States, or of any part

or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for receiving payment of any such claim, or of any part or share thereof, shall be absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. Such transfers, assignments, and powers of attorney, must recite the warrant of payment, and must be acknowledged by the person making them, before an officer having authority to take acknowledgments of deeds, and shall be certified by the officer; and it must appear by the certificate that the officer, at the time of the acknowledgment, read and fully explained the transfer, assignment, or warrant of attorney to the person acknowledging the same.

Act of June 25, 1910, c. 423, 36 Stat. 851:

An Act to Provide Additional Protection for Owners of Patents of the United States, and for Other Purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover

> reasonable compensation for such use by suit in the Court of Claims: *Provided, however,* That said Court of Claims shall not entertain a suit or reward (sic) compensation under the provisions of this Act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further,* That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further,* That the benefits of this Act shall not inure to any patentee, who, when he makes such claim is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this Act apply to any device discovered or invented by such employee during the time of his employment or service.

The Act of July 1, 1918 (c. 114, 40 Stat. 704, 705, U. S. C., Title 35, Sec. 68), amended the foregoing statute to read as follows:

> That whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in

the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: *Provided, however,* That said Court of Claims shall not entertain a suit or award compensation under the provisions of this Act where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further,* That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise: *And provided further,* That the benefits of this Act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States, or the assignee of any such patentee; nor shall this Act apply to any device discovered or invented by such employee during the time of his employment or service.

STATEMENT

This is a suit under the Act of June 25, 1910, as amended by the Act of July 1, 1918, set forth above, to recover compensation from the United States for the alleged unauthorized and infringing manufacture for the United States and use by it of cargo beams of a type covered by United States letters patent No. 1228120, granted May 29, 1917, to Mel-

chior Lenke. The findings show that on September 29, 1920, Lenke assigned the letters patent to one Chappell, who in turn assigned the letters patent to petitioner on March 7, 1921. (R. 12.) Each of the assignments contained a provision that the assignee should have "all rights of action for past infringement of said patent, and all rights to recoveries for damages, profits, and royalties for said infringements of every kind whatsoever." (R. 12.)

The cargo beams were manufactured prior to March 7, 1921, and were installed and put in use by the United States prior to that date. This suit was commenced May 23, 1921. (R. 6.) The only claims which this petitioner has against the United States which have arisen since the petitioner acquired the letters patent, and which it has not obtained by assignment from the prior owners of the patent, are claims for what occurred between March 7, 1921, and May 23, 1921.

If Section 3477, R. S., invalidated assignments of claims for infringement against the United States, then the only recovery here would be for infringement occurring between petitioner's acquisition of the patent and the date of the commencement of the suit, and the question then arises whether there is any such recovery to be had on these findings.

Cargo beams are used as supports for the tackle used in handling cargo between the vessels and the docks. A diagram illustrating this is in the record. (R. 18.) The findings show that the United States

installed on or before January 1, 1919, 810 cargo beams covered by the Lenke patent (R. 21), and that—

> since January 1, 1919, the evidence establishes that no additional beams of the Lenke type have been installed or used by the United States.

The sole value in the Lenke invention rests in a saving in cost of installation through a reduction in the weight of the cargo beam and a consequent saving in metal. Prior to this invention cargo beams were immovably fixed to their supports. Lenke's invention consisted in a cargo beam moving on a horizontal axis, so as to move into position to resist the strain from whatever direction coming. The old type, being fixed, was required to be of greater strength to meet both vertical and diagonal pulls. The court found that the sole saving or advantage in the Lenke type was in the cost of installation, and that it resulted in a saving of 2,000 pounds of metal per beam, which, at the market price of 6½ cents per pound, enabled the Government to save on installation of these beams $103,480. (R. 21.) The Court of Claims also found that the fair license value on a royalty basis is—

> the sum of twenty ($20) dollars a cargo beam, amounting in this case to the sum of sixteen thousand two hundred ($16,200) dollars. (R. 21.)

There is no finding to form the basis of any recovery by either the petitioner or prior owners of the patent except those showing the saving in cost of installation and the reasonable license fee per beam. The license fee, as found by the court, is not predicated on the length of time the cargo beam remains in operation after installation.

The Court of Claims first considered the validity of the patent and the matter of infringement and sustained the patent, and ordered a hearing on the question of damages. It then made supplementary findings, and, on Section 3477, R. S., being called to its attention at that stage of the case, held that the only value in the invention lay in the saving of cost of installation and not in its subsequent use, and that since the beams had been installed prior to the time the petitioner acquired ownership of the letters patent, all claims for recovery belonged to a prior owner of the patent, and that the assignment from him of his cause of action against the United States was void.

SUMMARY OF ARGUMENT

Section 3477 of the Revised Statutes, making void assignments of unliquidated claims against the United States, operates on assignments of unliquidated claims against the United States for infringement by it of letters patent and of claims for infringing manufacture for the United States by others, liability for which the United States has assumed under the Act of June 25, 1910, as

amended by the Act of July 1, 1918. Trafficking in claims against the United States for patent infringements is within the purpose and operation of Section 3477, and it has been so held in *Brothers* v. *United States*, 250 U. S. 88.

There is nothing in the Act of June 25, 1910, as amended, or in the general statutes dealing with assignability of patents and patent claims, which justifies the assertion that they impliedly repealed Section 3477, R. S., as applied to assignments of claims against the United States for infringement.

Prior to March 7, 1921, when petitioner acquired the letters patent, the infringing manufacture had occurred and the infringing use in installation. Claims for those infringements were not assignable, and the petitioner's claim rests only on the use of the installed cargo beams between March 7, 1921, and May 23, 1921.

The findings show that the invention has no value after installation, its value consisting in saving in cost of material in installation. The real use of the invention took place in installation and not in the subsequent use of the completed equipment. The findings show that prior owners of the patent are still entitled, if anyone is, to recover from the United States the full amount of the license fee for the use of the invention, or all the substantial damages recoverable. If a technical infringement continued after installation and after March 7, 1921, when petitioner acquired the letters patent, the damages for that were nominal and recovery nomi-

nal, and a reversal should not be ordered to allow recovery of nominal damages.

ARGUMENT

I

SECTION 3477, REVISED STATUTES, PROHIBITING ASSIGNMENT OF UNLIQUIDATED CLAIMS AGAINST THE UNITED STATES, APPLIES TO CLAIMS FOR INFRINGEMENT OF PATENTS

Prior to the enactment of the Act of June 25, 1910, the United States had not consented to be sued for infringement or wrongful use of a patented invention. The Act of 1910 did not provide for the assumption by the United States of any liability to a patentee for infringement committed by those who manufactured patented articles for and sold them to the United States, nor did it relieve the contracting manufacturer from liability to the patentee. It made the United States liable only for its own infringing use by waiving immunity from suit for such a claim. The Act of July 1, 1918, provides that the United States shall be liable also if the patented invention is, without a license from the patentee, manufactured for the United States. In this respect the Act is more than a waiver of immunity. It effects an assumption of liability and makes the remedy against the United States exclusive by creating immunity from suit in favor of the contractor who has made the infringing device for the United States.

So far as Section 3477, R. S., is concerned, there is no reason to distinguish as to the assignability of unliquidated claims against the United States between those arising through infringement by the United States and those based on the assumption of liability by the United States for infringement by others. Trafficking in unliquidated claims against the United States for patent infringement is squarely within the purpose of Section 3477.

In *United States* v. *Gillis*, 95 U. S. 407, in dealing with this statute, it was said (p. 413):

> No language could be broader or more emphatic than these enactments. The words embrace every claim against the United States, however arising, of whatever nature it may be, and wherever and whenever presented.

In *Spofford* v. *Kirk*, 97 U. S. 484, the Court spoke of the mischiefs which the statute was intended to prevent.

In *Goodman* v. *Niblack*, 102 U. S. 556, 560, one of the considerations which led to the enactment of this statute prohibiting assignments was stated as follows:

> That, by a transfer of such a claim against the government to one or more persons not originally interested in it, the way might be conveniently opened to such improper influences in prosecuting the claim before the departments, the courts, or the Congress, as desperate cases, when the reward is contingent on success, so often suggest.

That this was one of the objects of the statute against transfer of unliquidated claims against the United States was reiterated in *Seaboard Air Line Ry.* v. *United States*, 256 U. S. 655. In that case is was held that an assignment resulting from a merger of corporations was not within the spirit or purpose of the statute, and it has been held in other cases that certain assignments by operation of law are not within the operation of the statute. *Price* v. *Forrest*, 173 U. S. 410. But nothing in any of these decisions announcing exceptions gives any support to the petitioner's contention that an unallowed and unliquidated claim against the United States for infringement of patent is not within the purpose and operation of Section 3477.

In *Brothers* v. *United States*, 250 U. S. 88, it appeared that the letters patent had been assigned to the claimant October 2, 1912, two and one-half months prior to their expiration by limitation. The Court said (p. 89):

> His claim to compensation is necessarily limited to this brief period, since there could be no assignment to him of any unliquidated claim against the Government arising prior to the time he became the owner of the patent. Rev. Stats., Sec. 3477.

II

THE FINDINGS SHOW NO BASIS FOR SUBSTANTIAL RECOVERY FOR INFRINGEMENT OCCURRING AFTER PETITIONER ACQUIRED THE LETTERS PATENT

If claims for infringement arising before March 7, 1921, the date petitioner acquired the letters pat-

ent, were not lawfully assigned to petitioner, its recovery is limited to infringements by the United States occurring between March 7, 1921, and the date of the commencement of this suit, May 23, 1921, a period of a little over two months. The infringing manufacture for the United States took place before March 7, 1921, and the installation of the infringing cargo beams took place before that date. The findings make it clear that the value of the invention rests in the substitution of a lighter beam for a heavier one, with a resulting saving in metal, effecting a saving in cost of installation. There is no finding that the completed and installed device has any advantage over the old type of rigid cargo beam. The petitioner rests its entire case for recovery on the saving in metal. It says (Brief, p. 31):

> We submit that if Petitioner is entitled to any recovery whatever it is entitled to the entire $103,480 saved in the cost of manufacture of the 810 infringing cargo beams and so in the end saved in the handling of cargoes by the use of these cargo beams.

The petitioner attempts to treat this saving in cost of installation or in the original cost of the equipment as a saving in cost of handling cargoes, but the saving took place before any cargo was handled, and would have been the same if the apparatus had been destroyed the day after it was installed. It is settled, too, except where accountings for profits are involved (and the United States has

made no profit in that sense, and, not being subject to injunction, is not subject to recovery of profits, which is only an incident to suit for injunction), that recovery for infringement is measured by the plaintiff's loss, not by the defendant's gain. *Coupe* v. *Royer,* 155 U. S. 565; *Brown* v. *Lanyon,* 148 Fed. 838.

There is a finding that the fair license value on a royalty basis is the sum of $20 a cargo beam, amounting in this case to $16,200, irrespective of the length of time the completed apparatus is used; but if that be the measure of recovery, the cause of action for it arose when the beams were installed, in favor of the then owner of the patent, who is now entitled (his assignment being void), unless he has lost his right for some other reason, to recover such license fees from the United States. Because of Section 3477, R. S., the situation is the same as if the assignment of the letters patent had been made without any assignment of claims for past infringement, and as if the former and present owners of the patent were each seeking to recover damages from the United States, and the question was as to how the entire recovery from the United States should be divided between them. It seems obvious from the findings that if the use of the apparatus since its installation constitutes in any proper sense a use of the invention, it is only technically so, and the recovery for the period after March 7, 1921, and prior to

May 23, 1921, could only be nominal, the substantial recovery for damages going to the one who owned the patent when the beams were manufactured and installed. If, as suggested, the former owner of the letters patent may enforce a claim against the United States for a reasonable license fee for the use of the invention, a recovery by and payment to the former owner would give the United States permanent immunity from claims of infringement on account of the use of the particular beams involved. Being open to such a claim in favor of the original owners of the patent should relieve the United States from a liability for the same thing to the present owner of the patent. See *Seymour* v. *McCormick*, 16 How. 480, 489; *Birdsall* v. *Coolidge*, 93 U. S. 64; *Stutz* v. *Armstrong*, 25 Fed. 147; *Bloomer* v. *Millinger*, 1 Wall. 340.

If the petitioner could in any event recover only nominal damages for the period from March 7, 1921, to May 23, 1921, that alone would afford no reason for reversing the judgment below. *Diamon* v. *Taylor*, 99 Minn. 527.

Respectfully submitted.

WILLIAM D. MITCHELL,
Solicitor General.
HERMAN J. GALLOWAY,
Assistant Attorney General.

NOVEMBER, 1927.

○

SUPREME COURT OF THE UNITED STATES.

No. 99.—October Term, 1927.

Richmond Screw Anchor Company, Inc., Petitioner, vs. The United States.	On Writ of Certiorari to the Court of Claims.

[January 3, 1928.]

Mr. Chief Justice Taft delivered the opinion of the Court.

This is a suit by the Anchor Company brought under the Act of June 25, 1910 (c. 423, 36 Stat. 851), as amended July 1, 1918 (c. 114, 40 Stat. 704, 705), to recover for the infringement of Letters Patent No. 1,228,120 for a cargo beam, granted May 29, 1917, to Melchior Lenke, and assigned by Lenke to Thomas E. Chappell, and, by Chappell, to the Anchor Company.

The Court of Claims first decided that the plaintiff was entitled to recover from the United States. Thereafter the court made a second decision on December 7, 1925, in which it found as an additional fact that through the contractors who manufactured for the United States, the United States had installed, on or before January 1, 1919, 810 cargo beams covered by the Lenke patent, and that it did not thereafter install any more; that the use of the Lenke cargo beams by the United States resulted in a saving in the expense of installation of cargo beams used by it amounting in the case of each beam to 2,000 pounds of metal, with a value of 6½ cents per pound; that the single advantage which the United States gained by the use of the beams was the saving in cost of the same and the convenience resulting from their novelty.

Upon the additional findings of fact, the Government contended that the former judgment should be set aside, and a new one entered dismissing the plaintiff's petition, for the reason that the assignment of the claims for infringement to the plaintiff was void and of no effect under section 3477 of the Revised Statutes.

The Court of Claims on the second hearing yielded to this contention and dismissed the petition.

A cargo beam is a beam employed in combination with other elements to carry the weight of cargo to be removed from the hold of vessels alongside a pier or wharf and deposited on the pier or in the warehouses fronting on the same. Such beams are old and have been used for years. The method existing prior to this invention was the use of two channel beams, spaced several inches apart, firmly riveted together at the top and bottom by means of angle irons or plates, and rigidly affixed at either end to two uprights extending upward through the roof of the warehouse in brackets designed for the purpose. The record showed that a beam adaptable for the purpose weighed 3,300 pounds and must possess the full strength of withstanding the pull of cargo weights from both a vertical and diagonal angle.

Lenke conceived the idea of substituting for the fixed beam a single I beam of about 1,300 pounds in weight. At each end of the I beam he attached laterally a strong bar by means of rivets and angle irons providing holes near its upper end, through which holes he introduced pivots, thereby enabling the cargo beam to swing into any angle from which the load was applied. Lenke fastened U bolts into the center or neutral zone of the beam to receive the hoisting tackle. The real worth of the invention lay in the lightness of the cargo beam he used because the operator could present it so as to make the strain on the beam to be vertical even when force was applied from an angle.

The patent was a combination patent, and in view of the prior art was limited to the exact terms of the claims which made it quite narrow as its course through the Patent Office clearly demonstrated.

It is argued, on behalf of the United States, that Lenke's invention was unpatentable because it embodied nothing more than a natural and normal modification of existing ideas. Such modifications and their advantage were all very clear after the fact; but the old beams had been in use for a number of years and a heavy weight of metal had been used when, by Lenke's device, it was cut down two-thirds. Lenke's cargo beam almost universally superseded the old one. The United States used it and it was installed in nearly every pier in the country. No one else had foreseen its advantage. Lenke offered it as a solution of the problem at a

minimum cost with a maximum efficiency. The United States conceded in the Court of Claims that Lænke's patent was novel in the sense that there was nothing in the prior art exactly like it, and that it was useful. While thus, in a way, he improved an existing idea, he developed a new idea. The question of its patentability was worked out in the Court of Claims and all the judges concurred in upholding its validity and did not change their conclusion in the second judgment. We see no reason for differing from that conclusion.

The Court of Claims based its second judgment against the plaintiff on the strength of section 3477 of the United States Revised Statutes, as construed by this Court in *Brothers* v. *United States*, 250 U. S. 88, 89. The section reads as follows:

"All transfers and assignments made of any claim upon the United States, or of any part or share thereof, or interest therein, whether absolute or conditional, and whatever may be the consideration therefor, and all powers of attorney, orders, or other authorities for receiving payment of any such claim, or of any part or share thereof, shall be absolutely null and void, unless they are freely made and executed in the presence of at least two attesting witnesses, after the allowance of such a claim, the ascertainment of the amount due, and the issuing of a warrant for the payment thereof. Such transfers, assignments, and powers of attorney, must recite the warrant for payment, and must be acknowledged by the person making them, before an officer having authority to take acknowledgments of deed, and shall be certified by the officer; and it must appear by the certificate that the officer, at the time of the acknowledgment, read and fully explained the transfer, assignment, or warrant of attorney to the person acknowledging the same".

In the *Brothers* case, Mr. Justice Pitney said the claim of Brothers for compensation for a patent he had secured by assignment could not apply to an "unliquidated claim against the Government arising prior to the time he became the owner of the patent. Rev. Stats., § 3477".

Counsel for the petitioner here insist that this statement was not necessary to the decision because the conclusion in that case was clearly made to depend on the non-infringement of the patent and that the reference to section 3477 could only be regarded as *obiter dictum*. It does not make a reason given for a conclusion in a case *obiter dictum* because it is only one of two reasons for the same conclusion. It is true that in this case the other reason was more

dwelt upon and perhaps it was more fully argued and considered than section 3477, but we can not hold that the use of the section in the opinion is not to be regarded as authority except by directly reversing the decision in that case on that point, which we do not wish to do.

An elaborate argument has been made to show that the section should not apply to the assignment of claims for infringements of a patent, for the reason that a claim for infringements is not a common law chose in action but grows out of rights created by the statutes covering patents, the provisions for their assignment and for suits by the assignee are to be found in sections 4898, 4919, 4921 and other related sections. *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U. S. 24, 42, 53. But there is no conflict between the patent sections and section 3477. The latter section was passed to protect the Government and prevent frauds upon the Treasury. *Western Pacific R. R. Co.* v. *United States*, 268 U. S. 271, 275; *Seaboard Air Line Ry.* v. *United States*, 256 U. S. 655, 657; *Goodman* v. *Niblack*, 102 U. S. 556, 559, 560. And it would seem that the danger of exploiting and harrassing the Government with the use of assignments of claims for patent infringement was within the general purpose of that section.

We come then to the question whether section 3477 and the *Brothers* case apply to the case before us, and that requires an interpretation of the amending Act of 1918 and its operation upon the rights of the assignee and owner of the patent and its claims for infringement. Exceptions to the general language of section 3477 have been recognized by this Court because not within the evil at which the statute aimed. *Seaboard Air Line Ry.* v. *United States, supra; Western Pacific R. R. Co.* v. *United States, supra; Goodman* v. *Niblack, supra; Price* v. *Forrest*, 173 U. S. 410, 421-423; *Farrington* v. *Davis*, 285 Fed. 741, 742. We think that the situation created by the provisions of the amending act of 1918 is such that section 3477 does not apply to all of the assigned claims of the petitioners for infringement under that Act. The Act of June 25, 1910 (c. 423, 36 Stat. 851), provided that whenever an invention described in and covered by a patent of the United States should hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner might recover reasonable compensation for such

use by suit in the Court of Claims. The Act contained a number of provisos, only one of which is important here, namely, that in any such suit the United States might avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for an infringement, as set forth in Title 60 of the Revised Statutes or otherwise.

This Court held March 4, 1918, in *Cramp & Sons* v. *International Curtis Marine Turbine Company*, 246 U. S. 28, 42, 45, that the Act of 1910 did not effect a license to the United States or the contractor, making the patented device, to make or use the invention, and that the contractor could be sued for an injunction and for infringement in spite of the operation of that Act.

On April 20, 1918, the Acting Secretary of the Navy wrote a letter to the Chairman of the Committee on Naval Affairs of the Senate, in which he said, referring to the *Cramp* case, that the Department was

"confronted with a difficult situation as the result of a recent decision by the Supreme Court affecting the government's rights as to the manufacture and use of patented inventions, and it seems necessary that amendment be made of the Act of June 25, 1910 . . . . the decision is, in effect, so far as it is of importance here, that a contractor for the manufacture of a patented article for the government is not exempt, unless he is only a contributory infringer, from injunction and other interference through litigation by the patentee.

"A prior decision of the Supreme Court, that in the case of Crozier v. Krupp, had been interpreted as having the opposite meaning, and the department was able up to the time of the later decision, on March 4th last, to proceed satisfactorily with the procuring of such patented articles as it needed, leaving the matter of compensation to patentees for adjustment by direct agreement, or, if necessary, by resort to the Court of Claims under the above mentioned act of 1910. Now, however, manufacturers are exposed to expensive litigation, involving the possibilities of prohibitive injunction payment of royalties, rendering of accounts, and payment of punitive damages, and they are reluctant to take contracts that may bring such severe consequences. The situation promised serious disadvantage to the public interests, and in order that vital activities of this department may not be restricted unduly at this time, and also with a view of enabling dissatisfied patentees to obtain just and adequate compensation in all cases conformably to the declared purpose of said act, I have the honor to request that the act be amended by the insertion of a proper provision therefor in the pending naval appropriation bill".

In response to this communication, the Act of 1918 amending the Act of 1910 was adopted. (See *Wood* v. *Atlantic Gulf & Pacific Co.*, 296 Fed. 718, 720, 721, and Congressional Record, 65th Congress, Second Session, Proceedings of June 18, 1918, p. 7961). The amendment (c. 114, 40 Stat. 704, 705) reads as follows:

"That whenever an invention described in and covered by a patent of the United States shall hereafter be used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, such owner's remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture".

This is followed by the same provisos as in the Act of 1910 which need not be repeated here.

The purpose of the amendment was to relieve the contractor entirely from liability of every kind for the infringement of patents in manufacturing anything for the Government and to limit the owner of the patent and his assigns and all claiming through or under him to suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture. The word "entire" emphasizes the exclusive and comprehensive character of the remedy provided. As the Solicitor General says in his brief with respect to the Act, it is more than a waiver of immunity and effects an assumption of liability by the Government.

Under the Act of 1910, the remedy of the owner of a patent where the United States had used the invention without his license or lawful right to use it, was to sue for reasonable compensation in the Court of Claims, and that remedy was open to Lenke for the cargo beams covered by his patent installed and used by the United States before July 1, 1918.

The evidence does not show at what time during the year 1918 the beams were installed. The first finding is that Lenke wrote to an officer in the Quartermaster's Department on duty at the Army supply base at Brooklyn, on December 31, 1918, complaining that the Lenke cargo beam was being used by the Government at that supply base without permission from the patentee, but nothing happened but a fruitless correspondence.

The findings of the Court of Claims show that, on January 1, 1919, 810 of the beams had been installed at the instance of the Gov-

ernment, but how many were installed after July 1, 1918, when the law in question was passed, has not been found by the Court of Claims.

On September 29, 1920, the Lenke patent was assigned by Lenke to one Thomas E. Chappell, who in turn on March 7, 1921, assigned it to the plaintiff company, in accordance with the statute, and the assignment in each case covered all rights of action for past infringements of the patent and all rights to recoveries by suit for damages, profits and royalties for infringements of every kind whatsoever.

It is settled that, but for the Act of 1918, the two assignments vesting title in the Anchor Company would enable it to recover from the contractor for all his infringements (*Crown Die & Tool Co.* v. *Nye Tool & Machine Works, supra; Gordon* v. *Anthony*, 16 Blatchf. 234, Fed. Cas. No. 5,605; *Waterman* v. *Mackenzie*, 138 U. S. 252, 256, 261; *Gaylor* v. *Wilder*, 10 How. 477, 494; Robinson on Patents, vol. 3, sec. 937, p. 122). If now section 3477 applies and these assignments are rendered void, the effect of the Act of 1918 is to take away from the assignee and present owner not only the cause of action against the Government, but also to deprive it of the cause of action which had existed in its favor, at the passage of the Act, against the infringing contractor for injury by his infringement. The intention and purpose of Congress in the Act of 1918 was to stimulate contractors to furnish what was needed for the War, without fear of becoming liable themselves for infringements to inventors or the owners or assignees of patents. The letter of the Assistant Secretary of the Navy, upon which the Act of 1918 was passed, leaves no doubt that this was the occasion for it. To accomplish this governmental purpose, Congress exercised the power to take away the right of the owner of the patent to recover from the contractor for infringements. This is not a case of a mere declared immunity of the Government from liability for its own torts. It is an attempt to take away from a private citizen his lawful claim for damage to his property by another private person which but for this Act he would have against the private wrongdoer. This result, if 3477 Rev. Stat. applies and avoids the assignment, would seem to raise a serious question as to the constitutionality of the Act of 1918 under the Fifth Amendment to the Federal Constitution. We must presume that Congress in the

passage of the Act of 1918 intended to secure to the owner of the patent the exact equivalent of what it was taking away from him. It was taking away his assignable claims against the contractor for the latter's infringement of his patent. The assignability of such claims was an important element in their value and a matter to be taken into account in providing for their just equivalent. If section 3477 applied, such equivalence was impossible.

It is our duty in the interpretation of Federal statutes to reach a conclusion which will avoid serious doubt of their constitutionality. *Phelps* v. *United States*, 274 U. S. ——. Moreover, we should seek to carry out in our dealing with the Act of 1918 and Revised Statutes 3477 the very important Congressional purpose of the former, as already explained, in the promotion of the War as a special legislative intent. It is our duty to give effect to that special intent although it be not in harmony with a broad purpose manifested in a general statute avoiding assignment of claims against the Government enacted some eighty years ago. *In re Rouse, Hazard & Co.*, 91 Fed. 96, 100, 101; *Townsend* v. *Little*, 109 U. S. 504, 512; *Washington* v. *Miller*, 235 U. S. 422, 428. This is in accord with general rules of interpretation, as shown in these authorities, and reconciles the section 3477 Revised Statutes and the Act of 1918, if we hold, as we do, that section 3477 does not apply to the assignment of a claim against the United States which is created by the Act of 1918 in so far as the Act deprives the owner of the patent of a remedy against the infringing private contractor for infringements thereof and makes the Government indemnitor for its manufacturer or contractor in his infringements.

Such a conclusion requires us to reverse the case and remand it to the Court of Claims for additional findings to show how many of the patented beams were made by contractors and furnished to the United States after the passage of the Act of July 1, 1918, and what would have been a reasonable royalty therefor.

The question of the amount of or the rule for measuring the recovery we do not decide, but leave that for further argument and consideration by the Court of Claims, because of the novel and only partial application of section 3477 Rev. Stat.

Reversed and remanded.